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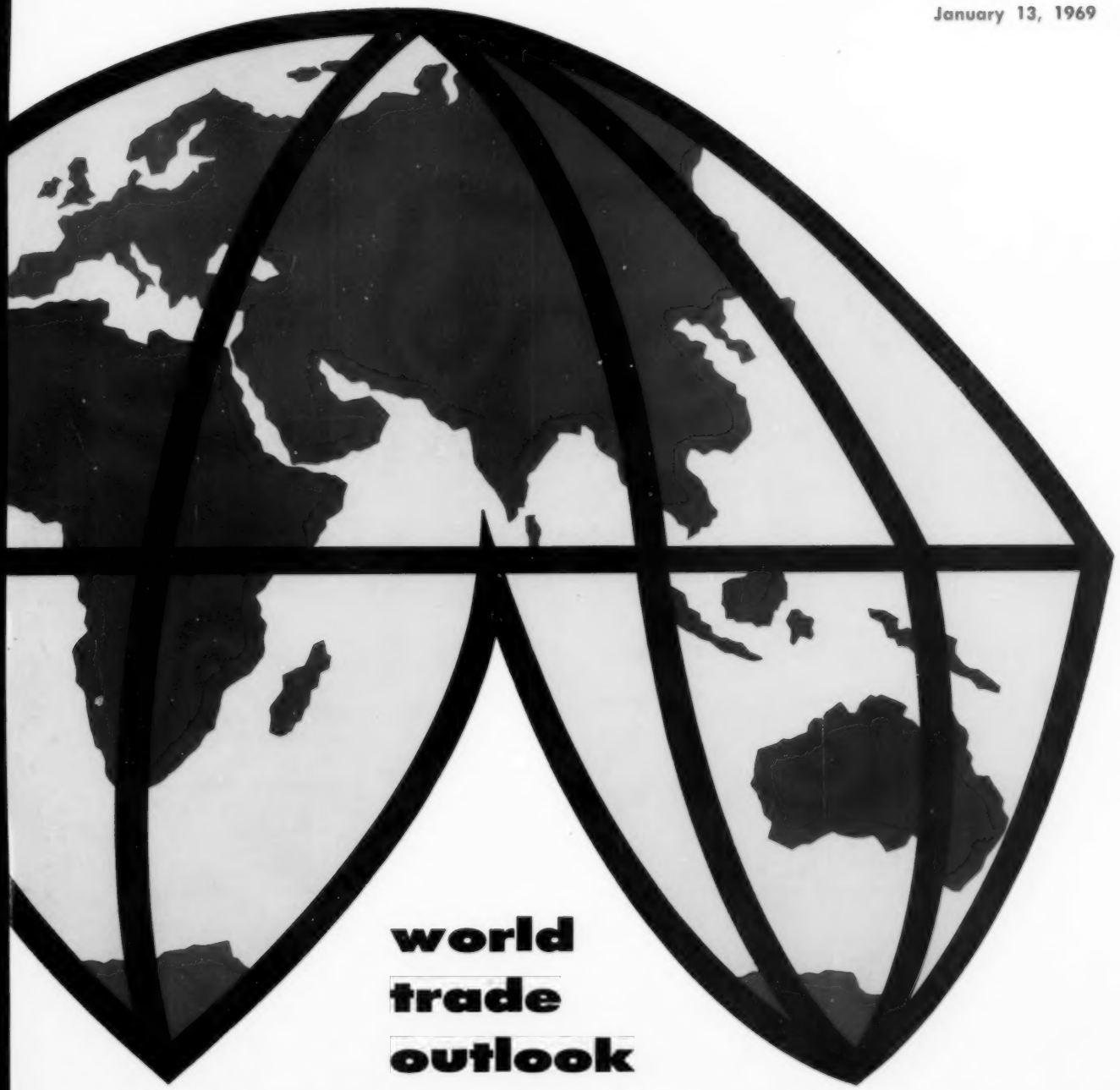

world trade outlook

International Trade Winds

Company News

TOYS—Mattel, Inc., Hawthorne, Calif., and Kokusai Boeki Kaisha, Ltd., Tokyo, Japan, have announced a joint venture to market Mattel products in Japan and elsewhere in the Far East. Kokusai Boeki Kaisha is a leading distributor of toys and other products in Japan and other Asian countries. Mattel, which calls itself the world's largest toy manufacturer, operates plants in Canada, Mexico, Germany, England, Hong Kong, and Taiwan abroad, making some 500 varieties of children's playthings.

REFRIGERATION EQUIPMENT—Antar Industries, Inc., New York, has reached an agreement with C.G.E., an Italian subsidiary of General Electric Co., also of New York, under which Antar's Italian subsidiary, Itacold, S.p.A., will acquire C.G.E.'s manufacturing facilities for the production of refrigerators, freezers, and room air conditioners. Itacold, under licensing arrangements with General Electric, has already begun manufacture and sale of air conditioners and refrigerators, with production of freezers set for later this year.

NATURAL GAS—Mobil Oil Corp., New York has announced that it has located a natural gas reservoir in its off-shore drilling concession on the Netherlands North Sea shelf capable of producing about 500,000 cubic meters of gas per day. The extent of the deposit is now being examined. NV Nederlandse Aardoilie Maatschappij, a joint Shell-Esso venture, has also reported a gas find but has not yet indicated whether it is an exploitable deposit.

BANKING—First National City Bank, New York, has announced an agreement under which it will acquire a 40% interest in National & Grindlays Bank, London, England. The remaining 60% share of the bank will be owned by shareholders of a new British company, National & Grindlays Holdings. Lloyds Bank, which has held a 25% interest in National & Grindlays Bank, will have a 41% interest in the new holding company. The agreement is subject to approval by the National & Grindlays shareholders and the Citibank board of directors, as well as the U.S. Federal Reserve Board.

Newsletter

Now in full operation in Room 5112 of the Main Commerce Department Building in Washington is the Export Counseling Section of the Department's new Export Business Relations Division. This division was set up to encourage U.S. businessmen to export goods and services by providing them with a handy first stop toward maximum use of Department of Commerce facilities. Telephone numbers are 202-967-3181 or 202-967-2732.

Neighborliness continues to pay off in Milan, where the U.S. Trade Center adjoins the Milan fair grounds. The Italian-sponsored BIAS 68—Biennial Automation and Instrumentation Fair—attracted many executives, technicians and businessmen also interested in the concurrent Industrial Process Controls and Computers Exhibition by 50 U.S. companies at the Trade Center. Result: more than 6,500 registered visitors, who signed contracts for $380,000 during the late-November event at the Center, and whose further orders are expected to lead to $2.3 million in sales this year.

Some of man's future lies under the sea, an idea that turns business attention to the U.S. section of Oceanology International '69, opening at Brighton, England on Feb. 18. Two of the exhibitors, Ocean Science and Engineering and ALCOA, are joining talents in the construction of the all-aluminum oceanographic vessel "Seaprobe." Brighton visitors will be shown how aluminum tubes enclosing cabled instruments, lights, cameras, and sonar gear can dip far below the probing ship for precise exploration of the watery depths.

Greetings to "World Traders," now being published as the quarterly of the World Trade Centers Association by the World Trade Center of Japan, Inc., Hoko Bldg., 3, 1-chome, Ginza, Chuo-ku, Tokyo. Dr. Paul A. Fabry of International House, New Orleans, and Guy F. Tozzoli of the Port of New York Authority are on the magazine's editorial board.

Four days of technical and sales training, followed by a three-day product show, at the Frankfurt U.S. Trade Center—and Autoclave Engineers of Erie, Pa., is raising its European export targets by 50%. Representatives from 9 European countries came to the center for the intensive sessions, which followed similar meetings at the London U.S. Trade Center reported in this column earlier. Autoclave's line includes high pressure valves, fittings, pressure vessels and systems.

NOTICE: This information is offered to preview or provide informally brief and varied comment on Bureau of International Commerce worldwide export and investment promotions. It is not final and does not substitute for detailed know-how and analysis in our regular news columns.

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the cover

An artist's interpretation of our planet forms the introduction to INTERNATIONAL COMMERCE's semiannual World Trade Outlook issue. In a 67-page section beginning on page 2, Commerce Department economic analysts assess the overall U.S. trade picture for 1969 and then supply individual area and country forecasts. The previous World Trade Outlook was furnished to readers in the July 15, 1968 issue.

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OUTLOOK FOR EXPORTS, IMPORTS

Smaller growth expected in U.S. trade this year

Slackening here and in markets abroad to slow movement of goods from brisk '68 pace

A slowdown in the expansion of imports and continued though smaller gains in exports will characterize U.S. foreign trade during the year ahead. The anticipated cooling of the American economy and softening of demand in a number of key foreign markets portend reduced buoyancy in our commerce with other nations.

Shipments in both directions also will be adversely affected by the longshoremen's strike which closed Atlantic and Gulf ports on Dec. 20. Trade in 1969 will be cut by the amount of anticipatory deliveries that took place last year to build up stocks ahead of the disruption in shipping operations. Moreover, a long stoppage would cause at least temporary losses in exports and imports as American and foreign buyers shift some purchases to other sources of supply.

In 1968, U.S. sales abroad increased by about one-tenth to $34 billion. Spurred by vigorous business activity, rising consumer incomes, and strike-induced purchases of certain metals, imports of foreign products rose to nearly $33 billion. The more than one-fifth expansion in imports over the preceding year's level was the largest since 1951 when the Korean War stimulated exceptional demand for products from abroad.

Because imports advanced much faster than exports last year, the U.S. trade surplus plummeted to about $1 billion, some $3 billion below the 1967 total and the lowest level in nine years. A positive but fairly small contribution to our merchandise surplus, on the order of $100 million, was provided by the greater speedup of exports than of imports in late 1968 in anticipation of the longshoremen's strike. The merchandise trade surplus, however, would have been closer to $2 billion had it not been for special purchases of steel, copper, and aluminum, reflecting actual and potential work stoppages in these industries.

The more restrained growth forecast for our economy in 1969 will be principally responsible for the sharp deceleration in the import pace expected this year. Under the combined impact of higher Social Security contributions, payments on increased 1968 income tax rates, and a shift in the Federal budget from a large deficit to a modest surplus position in the current fiscal year, demand will be considerably less expansive than last year.

The 1969 import advance will also be moderated by the absence of strike-related purchases of copper, steel, and aluminum which added an estimated $800 million to last year's bill. On the other hand, arrivals of foreign products will be stimulated by the implementation on Jan. 1 of the second-stage Kennedy Round tariff reductions (see page 5 of this issue).

Exports to advance

Further economic advances abroad will boost foreign demand for U.S. goods. Prospects are good for a continued, though less vigorous, expansion in sales to most of the developed countries which account for about two-thirds of our exports. The shifting of emphasis in Germany from an export-led growth during much of 1968 to expansion based to a greater extent on internal demand augurs well for U.S. exports to that country.

Strong gains in business investment in the countries of the European Economic Community and Canada, improvement in the Japanese balance-of-payments position, and favorable economic prospects in Australia and South Africa will also stimulate demand for our products. Restrictive measures taken by two large buyers of our goods—the United Kingdom and France—are not expected to have a strongly negative effect on U.S. exports because shipments to these countries consist largely of needed capital equipment and industrial materials.

Further stimulus to exports is expected to come from the second-stage Kennedy Round tariff cuts by Canada, Switzerland, Austria, Australia, and New Zealand. A substantial increase in the lending capacity of the Export-Import Bank also will help expand U.S. sales abroad.

Some factors, however, will tend to restrain the expansion in our exports. The large 7% gain in U.S. shipments to the developing countries is unlikely to be repeated, mainly because of a falloff in import demand in this and other industrial countries which reduces export earnings, and hence the ability to purchase foreign goods, of the economically less advanced nations.

In addition, aircraft sales, which nearly doubled in 1968 and accounted for about one-third of our export expansion, are expected to decline. Moreover, agricultural deliveries may drop for the third successive year, reflecting greater foreign supplies of various commodities. Although they are expected to maintain their 1968 level, shipments under AID and PL-480 financing will not contribute to export expansion during 1969.

Nonfarm exports to slacken

Machinery and transport equipment exports which contributed most to the 13% advance in shipments of nonfarm products last year are expected to slacken their rate of growth in 1969. Deliveries of large commercial jet transports will decline because foreign airlines have cut back their orders, largely as a result of excess capacity that is expected to continue for the next several years. Shipments of military aircraft, however, should grow at an even faster pace in 1969 following a sizable increase last year. Moderate gains also are anticipated in sales of associated parts, engines, and accessory equipment.

Exports of automobiles to Canada climbed to higher levels in 1968 though the expansion was well below the sharp rise in the preceding year. In contrast, deliveries of parts and accessories to that country quickened, registering their strongest annual gain since the automotive trade agreement went into effect in 1965. Exports of automotive products as a group, to Canada however, are projected to continue their deceleration of 1968 as the process of rationalizing production moves closer to completion.

Foreign demand for most machinery lines, as evidenced by the rising volume of orders received by U.S. manufacturers, will keep exports on an uptrend in 1969, though greater competition from producers abroad may moderate the gain from the 8% advance recorded last year. Adding most to the increase in 1968 were substantially larger deliveries of electronic computers and parts, mining and drilling machinery, cooling equipment, electrical power machinery, and electronic components. Less expansiveness is anticipated in sales of most of these types of machines this year.

Though exports of computers increased vigorously in the final half of 1968, for the year as a whole they showed a much slower gain than in 1967. A continued deceleration in shipments is expected in 1969 as production and sales from U.S. subsidiaries abroad continue to displace former exports. A further rise, however, is expected in exports in pumping equipment and construction machinery.

In contrast to a sizable downturn last year, deliveries of farm machinery should move moderately higher as a result of firmer markets in Canada and larger shipments of component parts for assembly at U.S. subsidiaries there and overseas. Exports of textile machinery are likewise expected to rebound, stimulated in large part by offerings of favorable long-term credit terms to buyers in developing countries.

Sales of machine tools registered a small increase last year, but are likely to decline in 1969, with smaller deliveries of both metal-cutting and -forming types to our major industrialized markets. The softening in demand will thus probably affect sales of the more expensive, sophisticated lines of machine tools which have helped sustain these exports in recent years. Shipments of materials handling equipment and steam and gas turbine engines also are forecast to move downward.

Firm demand for chemicals

Exports of chemicals advanced by a strong 18% last year as a result of a sizable acceleration in deliveries of most chemical products. The outlook for 1969 is for another strong boost based on buoyant foreign demand for basic elements and compounds, drugs, and plastics. In contrast, deliveries of fertilizers, which have grown strongly in recent years, are expected to drop to lower levels as a result of reductions in AID-financed shipments to developing countries.

The sharp rise in copper exports in 1968, following the March settlement of the 8½ month strike at U.S. mines, smelters, and refineries, boosted shipments well above the strike-affected levels of 1967. Larger world supplies this year will result in a slower expansion in exports, barring strikes in other major producing areas. In the absence of labor difficulties which adversely affected production last year, exports of aluminum should rebound with a moderate increase.

Growth in demand from Japan and Canada will stimulate deliveries of coal which should register a small gain. Sales of petroleum products also should record a modest advance.

Larger shipments of newsprint, container board, and kraft paper are likely to boost exports of paper products to another sizable increase. Sales of logs quickened in 1968 as a result of larger deliveries of softwood grades to Japan. A further, though slower increase in loadings is anticipated.

Exports of tires should continue expansive for the second consecutive year.

Shipments of iron and steel products will probably show little change, while deliveries of scrap may decline again because of a further drop in sales to Japan. Demand for scrap there has diminished because of the growing use of iron ore pellets and pig iron in oxygen furnaces which are assuming greater importance in Japan's steel industry.

Improved world supplies of most types of grains and lower prices for some of our major farm products caused a further weakening in agricultural exports last year. The outlook for 1969 appears to be a leveling, or even a small slippage, in the outflow of farm commodities in view of favorable supply situations abroad and greater competition from other exporting countries.

Exports of wheat fell for the second year in 1968 and are expected to decline again. Smaller import requirements in India and Pakistan, coupled with greater supplies offered by other major wheat producers, will exert a negative effect on our shipments. Shipments of grain sorghums will probably drop further, but the more competitively priced corn should find larger markets. Corn exports rebounded strongly in 1968 and should rise again, if prices continue to attract foreign buyers. Loadings of rice will advance to higher levels, but at a slower rate than last year when strong demand in a number of Asian countries brought a one-tenth gain in exports.

Although deliveries of soybeans increased moderately in quantity in 1968, a drop in prices caused a near leveling in their value. Larger supplies may stimulate shipments modestly in 1969. Exports of fats and oils, which have been on a downtrend for the last three years, should remain close to their 1968 levels.

Rising foreign production and record high stocks in a number of importing countries will preclude any substantial improvement in cotton exports. Larger domestic supplies and lower prices, however, are expected to make U.S. cotton a strong competitor in world markets.

Import deceleration seen

The anticipated economic slowdown in this country during 1969 is expected to cause a significant moderation in the demand for foreign goods. Purchases of industrial materials and supplies, which account for over two-fifths of total U.S. imports, are likely to decline from last year's record levels because of smaller gains in industrial production, reduced purchases for inventory, and the absence of strike-related imports of steel, copper, and aluminum. Stimulated by these factors, the inflow of industrial materials soared by one-fifth last year to account for a sizable share of the import surge.

Swelled by hedge buying, purchases of steel-mill products climbed by one-half to nearly $2 billion, or around 17 million tons, in 1968. Foreign steel accounted for about 16% of U.S. steel consumption last year compared with 12.2% in the preceding year. Arrivals in '69 are expected to decline considerably if producers in Western Europe and Japan place voluntary curbs on their sales to this country.

Imports of copper are likely to show a steep drop this year, especially in receipts of refined copper and brass-mill products. Strike-induced purchases generated a sharp increase in arrivals before settlement was reached in late March, after which imports fell to more normal levels.

Stimulated by strike-hedge buying and expanding domestic demand, aluminum imports also advanced sharply in 1968. Although an industry-wide strike was

World trade outlook

Current economic conditions and the outlook for U.S. trade in the majority of countries with which U.S. firms do business are summarized on pages 7-68.

The reports, written by country desk officers in the Office of International Regional Economics of the Bureau of International Commerce (BIC), are based on up-to-the-minute reports from U.S. Foreign Service posts, international economic organizations, and other sources.

Data on U.S. trade with selected countries not covered in separate articles are presented in a table following the final country report.

U.S. trade by major categories, first eleven months 1967-68

Millions of dollars

	January-November 1967			January-November 1968			Change from 1967 to 1968
	Exports	Imports	Difference	Exports	Imports	Difference	
Total, incl. military grant-aid	**28,655**	**24,381**	**+4,274**	**31,282**	**30,093**	**+1,189**	**−3,085**
Food and beverages	4,565	4,169	+ 396	4,335	4,816	− 481	− 877
Industrial supplies	9,057	10,716	− 1,659	9,836	12,817	− 2,981	− 1,322
Iron and steel products	*644*	*1,298*	*− 654*	*664*	*1,946*	*− 1,282*	*− 628*
Copper metal, alloys	*202*	*584*	*− 382*	*256*	*817*	*− 561*	*− 179*
Capital goods [1]	10,303	2,590	+ 7,713	11,510	3,109	+ 8,401	+ 688
Machinery other than consumer type	*7,403*	*2,059*	*+ 5,344*	*7,924*	*2,398*	*+ 5,526*	*+ 182*
Aircraft, engines, parts, accessories	*1,724*	*252*	*+ 1,472*	*2,517*	*299*	*+ 2,218*	*+ 746*
Consumer goods [2]	4,050	5,924	− 1,874	4,832	8,270	− 3,438	− 1,564
Automobiles, parts, accessories	2,108	2,071	+ 37	2,671	3,412	− 741	− 778
Other transactions	679	983	− 304	769	1,081	− 312	− 8

[1] Includes buses, trucks, and military hardware.
[2] Includes automobiles, parts, accessories, and military software.

averted, several large plants were closed by strikes lasting up to two months during the past summer. The absence of further labor difficulties and higher domestic production is expected to cause a sizable decline in imports this year, mainly of ingots from Canadian mills.

Higher prices were entirely responsible for a modest increase in nickel entries last year as sluggish demand for stainless steel and larger supplies of stainless scrap reduced the quantity of imports. In the event a labor agreement is not reached and Canadian nickel mines are closed by a strike next summer, imports could decline further.

Additional tariff cuts and domestic shortages of certain products are expected to generate another strong gain in imports of chemicals. Purchases accelerated by one-fifth in 1968 as a result of significantly larger receipts of coal tar intermediates, alumina, colors, dyes, and stains.

Imports of crude petroleum rebounded with a substantial increase last year as a result of rising domestic requirements and the filling of quotas carried over from 1967 when the Middle East crisis reduced world supplies. Higher quotas for the West Coast district where production has been lagging and continued growth in demand in other parts of the country will again cause a rise in purchases, but the advance is expected to be more moderate than in 1968. Arrivals of fuel oil and jet fuel recorded substantial increases last year, but larger domestic stocks will probably moderate any further expansion during the current year.

Despite higher prices and buoyant demand here for lumber, no further rise is foreseen in receipts from Canada, our major supplier, in view of that country's growing domestic requirements and commitments to ship to third country markets. As a result of expanded construction activity, lumber imports climbed sharply in value last year with some of the increase due to sharply higher prices.

Rise in consumer imports

The vigorous pace of consumer expenditures in 1968 boosted imports of foreign consumer goods (including cars) by two-fifths, more than twice the gain in the preceding year. Consumer spending is expected to be less exuberant in the next 12 months, particularly in the first half when delayed income tax payments and higher Social Security contributions will limit the advance in personal incomes. This slackening in growth of disposable incomes during 1969 should have a restraining effect on purchases of foreign goods.

Receipts of automobiles from U.S. subsidiaries in Canada posted a slower rise last year than in 1967. The big surge was in purchases of foreign-brand autos, especially from West Germany and, to a lesser extent, from Japan and Italy. Through September, foreign cars accounted for 10.2% of U.S. auto registrations, the highest ratio since 1959.

Demand for foreign-brand autos will again keep these imports at high levels, though only a moderate increase is anticipated. Entries from Canada also are expected to decelerate further in the fourth full year of the automotive trade agreement with that country. Affecting the pace of auto imports from Canada, as well as from other suppliers, will be the planned production of a subcompact car at a U.S. subsidiary north of the border beginning next April. Although a domestic plant will also manufacture the car, first production runs will be at the Canadian facility.

Footwear imports scored a substantial advance last year and are expected to climb sharply again, stimulated by the strong appeal of styling and competitive prices. Manufacturers in Italy and Japan, as well as U.S. subsidiaries in Italy and elsewhere, have benefited most from expanding markets here for foreign-made footwear. Receipts of wearing apparel, mainly from Western Europe and the developing countries of Asia, rose by nearly a third in 1968 and are likely to continue expansive. Imports of TV sets from Japan and Taiwan and transistor radios from those countries and Hong Kong, which accelerated sharply in 1968, should increase at a more subdued pace this year.

Purchases of gem diamonds, toys, sporting goods, and tape recorders also advanced strongly last year. As with most other consumer imports, smaller increases are anticipated in entries of these goods.

Slower rise in machinery imports

Although the latest government survey of capital spending plans indicates a faster rise in expenditures for new plant and equipment in the first half of this year than last year's rate, imports of machinery and other capital equipment are projected to increase more moderately than the one-fifth advance posted in 1968. Current

projections for capital outlays could be scaled down in view of the low capacity utilization rate in manufacturing, prevailing high interest rates, and a further squeeze on corporate profit margins.

Purchases of aircraft and parts, which show considerable year-to-year fluctuation, picked up sharply in 1968. The upturn stemmed from larger receipts of commercial turboprop transports from Japan, executive aircraft from Western Europe, and a number of passenger transports returned from Canada as trade-ins on newer models. The much slower rise expected this year will consist mainly of executive fan-jet aircraft from France. Entries of aircraft engines and parts also are expected to move up at a less rapid rate. Receipts of trucks from Canada will increase, but more moderately.

Imports of metalworking machinery leveled off in 1968 because of less vigorous demand for foreign metal-cutting machine tools. Smaller domestic backlogs will probably help to hold entries of all types of metalworking machinery at about last year's level. A further slowdown is expected in demand for conventional types of office machines, largely from U.S. subsidiaries.

Arrivals of farm machinery, primarily from Canada, should make a modest recovery. The downturn last year stemmed largely from reduced supplies because of strikes at several large plants there.

Deceleration in food imports

Purchases of foods and beverages quickened in 1968, with stronger demand extending to most of our major imports. Sparking most of the rise were substantially larger entries of meat, coffee, fish, sugar, and whisky. Little change is expected in the level of food and beverage imports this year.

Purchases of coffee scored a sizable advance in 1968 partly as a result of larger quotas. Stockbuilding in anticipation of a strike in East and Gulf ports also contributed to the increase. Current high levels of coffee stocks may cause a downturn in imports in 1969.

Sugar imports also are expected to decline moderately as a result of a record domestic sugar beet crop, large dealer inventories, and a smaller deficit in the Puerto Rican crop. Last year, imports of sugar increased moderately in quantity, but strongly in value as a result of higher prices.

The preceding article and accompanying table were prepared by the International Trade Analysis Division of the Commerce Department's Bureau of International Commerce.

New Kennedy Round reductions will buttress U.S. export outlook

Eleven nations scheduled second stage cuts at beginning of 1969; putting them at 40% level on way to agreed total concessions

The 1969 outlook for U.S. exports to Canada and several other countries will benefit significantly from Kennedy Round cuts that were to be implemented Jan. 1.

The eleven countries scheduled to carry out the second one-fifth tariff reduction on thousands of items on that date were the United States, Australia, Canada, Chile, New Zealand, Peru, Austria, Portugal, South Africa, Switzerland, and Turkey.

Each of the countries that agreed in the Kennedy Round to make tariff cuts has now put into effect at least 40% of the total of each of those reductions.

The Kennedy Round, the name given to the agreement that is lowering tariff barriers to an estimated $40 billion of free-world trade, was the Sixth Round of Tariff Negotiations conducted under the auspices of the General Agreement on Tariffs and Trade (GATT). The nations that made concessions in the Kennedy Round, which was concluded on June 30, 1967, agreed to reduce tariffs on thousands of non-agricultural products by an average of 35%, with duties on many items being slashed by 50% and more.

The tariff reductions negotiated in the Kennedy Round are being implemented in five equal stages, each stage comprising one-fifth of the total concession. Full reductions are to be effective by January 1, 1972, but the timing of the first two stages varied from country to country, with most nations falling into two general groups; those eleven that were scheduled to implement their second one-fifth reduction on Jan. 1 of this year, and the 18 that implemented both of their first two stages on July 1, 1968.

Implemented in stages

The nations listed above implemented the first one-fifth of their scheduled reductions on Jan. 1, 1968, and the second one-fifth on Jan. 1 of this year. Several other nations effected the first 40% of their scheduled Kennedy Round reductions on July 1, 1968. In this latter category are countries of the European Economic Community (EEC)—Belgium, France, Germany, Italy, Luxembourg, and the Netherlands; Czechoslovakia; Israel; India; Korea; Finland; Japan; Sweden; the United Kingdom; Denmark; Norway; Trinidad and Tobago; and Spain.

All of the above countries have now implemented the first 40% of their agreed reductions in the Kennedy Round and are scheduled to effect the remaining three stages on Jan. 1 of 1970, 1971, and 1972. For each of these countries, therefore, a duty that was scheduled for reduction from 10% to 5% in the Kennedy Round is presently at a level of 8%, and will fall to 7% on Jan. 1, 1970, 6% on Jan. 1, 1971, and 5% on Jan. 1, 1972.

"Bindings" in effect

A third group of nations made concessions in the Kennedy Round that consisted solely of "bindings"—promises not to raise their tariffs in the future above specified ceilings. These concessions require no staging and are currently in effect. Nations participating in this manner are Argentina, Brazil, and Malawi.

Iceland has already put into effect all but one category of reductions negotiated in the Kennedy Round. Iceland's tariffs on office machines have been reduced by 40% and the remaining stages will conform with the timetable of other nations.

Ireland participated in the Kennedy Round with a view to acceding to the GATT. Upon that accession, effective Dec. 22, 1967, Ireland started to implement its concessions on Jan. 1, 1968. These consisted in the binding, the elimination, and the reduction of duty rates on many items, of which most were bindings. In certain instances, however, reductions in duties were made on Jan. 1 of 1968 and 1969 on items scheduled to be reduced in five annual stages between Jan. 1, 1968, and Jan. 1, 1972. In a few other cases, duties were decreased in full on Jan. 1 and July 1 of 1968.

Poland participated in the Kennedy Round negotiations despite the fact that it was not at that time a member of the GATT. It has since become a full member. As a joint Kennedy Round and GATT accession offer, Poland undertook to increase the total value of its imports from all other members of the GATT by not less than 7% per year.

More complete information regarding the Kennedy Round and its implications

for U.S. trade is contained in the July 31, Nov. 20, 1967, and July 1, 1968, issues of INTERNATIONAL COMMERCE.

Information on the effect of Kennedy Round negotiations on individual products may be obtained through any U.S. Department of Commerce Field Office or by writing to the Office of International Regional Economics, BIC-880, Bureau of International Commerce, Washington, D.C. 20230.

The Jan. 1 duty reductions of the 10 nations, other than the United States, were:

Canada made concessions on $1.4 billion (1964 value) of imports from the United States. A preponderance of these imports is in machinery and secondary manufactures and it is in these categories that the largest concessions were made.

For example, Canada granted a reduction from 22½% to 15% in the duty on production machinery of a class or kind made in Canada (a $136 million item in 1964) and eliminated the 7½% duty on such machinery which are not available in Canada (a $253 million item in 1964).

Other key elements in U.S. export trade with Canada that were granted important duty concessions include electrical machinery and equipment, manufactures of brass and copper and nickel-plated ware, aluminum manufactures, paper and paper products, rubber and rubber manufactures, and wood and wood products. Electric apparatus and parts will be subject to a duty of 17½% by Jan. 1, 1972, as compared with 22½% prior to the Kennedy Round negotiations.

A revised Canadian tariff schedule on chemicals and plastics became effective Jan. 1, 1969. The new schedule represents changes not only of duties and nomenclature but also of the tariff numbering system. The nomenclature and numbering are patterned after the Brussels Tariff Nomenclature.

The net effect of the tariff changes is expected to be a general reduction in the level of the tariffs, although increases as well as decreases are represented in the new schedule. No Canadian import duty now exceeds 15% ad valorem on chemicals and 17½% on plastics. The ceilings before Jan. 1, 1969, were 20% and 25%.

Switzerland made broad Kennedy Round concessions that affected roughly 85% of U.S. exports to that country. The bulk of the Swiss concessions on nonagricultural products consisted of duty reductions of 40-50%. Many Swiss duties, therefore, have now been reduced by as much as 20%. The duty on automatic vending machines, for example, has fallen from its original level of 100 Swiss Francs per 100 kilograms to 80 and will fall to 50 by Jan. 1, 1972.

Austria's second stage of Kennedy Round concessions on Jan. 1, 1969, has also brought its duties down by as much as 20% from the pre-Kennedy Round levels. Austria slashed duties in half on air-conditioning machines, excavating machines, power lawn mowers, microphones and loudspeakers, and many other products of interest to U.S. exporters. Forty percent of the total of these reductions have already been implemented, and the remainder will be effected by Jan. 1, 1972. Austria's Kennedy Round concessions were widespread, covering most of the major industrial product categories in the Austrian tariff schedule. While the average reduction on Austrian imports from the United States will amount to a 28% cut many duties will fall by 50%.

Portugal made limited but deep concessions in the Kennedy Round with almost all reductions being at least 50%. About one-third of these reductions were put into effect in full on Jan. 1, 1968 (see April 1, 1968, issue of INTERNATIONAL COMMERCE). Most of the remaining concession items have been reduced by a total of 20% as of the first of this year. For example, the pre-Kennedy Round 12% duty on air-conditioning machines became 9.6% on Jan. 1, 1969, and will fall to 6% by Jan. 1, 1972.

Chile unilaterally and without commitment reduced import duties on 176 items of industrial machinery and raw materials by an average of 80% just prior to its participation in the Kennedy Round. The categories of imports requiring prior deposit were reduced at the same time, the percent of deposit required for import of the remaining categories rounded downward, and the list of permitted imports increased. Nevertheless, Chile granted 15 concessions in the Kennedy Round, 10 of which were reductions. Small reductions were made in the rates of duty on water turbines and certain compressor heads, for example.

Peru engaged in the Kennedy Round negotiations under the rules and procedures adopted for the participation of less-developed countries. Peru stated that as a contribution to the Kennedy Round it would maintain its present liberal trade and monetary policy to the extent permitted by its development needs. It also made duty reductions on six items. For example, the tariff levied on chickens less than a week old was reduced from 10% to 8% on Jan. 1, 1968, 6% on Jan. 1, 1969, and will be duty-free by Jan. 1, 1972.

South Africa made rather limited concessions in the Kennedy Round, but several of them are of special interest to U.S. exporters. Reductions of 60% were made in the duties on electronic data-processing machines and on other statistical machines and parts. South Africa also granted reductions of 50% in the duties on photographic plates and film, and on ferro-alloys.

Turkey participated in the Kennedy Round as an associate member of the European Economic Community and based its contributions to the negotiations on that association. Turkey made concessions on only 23 tariff items in the Kennedy Round. On 11 of those items, the concessions were made fully effective on Jan. 1, 1968, rather than being staged over five years. These 11 items include breeding poultry, animals, eggs, ammonium perchlorates, potassium phosphites, hypophosphites and phosphates, terpenes, depheynylamine, miners headgear, worked monumental and building stone, saw-gins, and electro-medical apparatus and ophthalmic instruments. Turkey is expected to make other more important duty reductions in the future as it gradually aligns its tariffs with the Common External Tariff of the EEC.

Australia did not conclude a bilateral agreement with the United States, but U.S. exports to Australia will be subject to the tariff reductions negotiated by other participants in the Kennedy Round. Australia's Kennedy Round reductions were rather limited in scope, and, for the most part, did not affect items of major interest to U.S. exporters. Examples of items that were subject to concessions include electron microscopes, bicycle lamps, and certain milling and boring machinery; these products had been dutiable at 7.5% prior to the Kennedy Round, but will enter Australia duty-free by Jan. 1, 1972.

New Zealand made some tariff reductions of up to 50% in the Kennedy Round and also bound the duty-free status of many goods. New Zealand's second round of tariff cuts on Jan. 1 of this year thus include reductions of as much as 20% from pre-Kennedy Round levels. The duty on most roll film, for example, has already dropped from 20% to 16%, and will level off at 10% after Jan. 1, 1972. The tariffs on milling machines and machinery for making cellulosic pulp, paper, or paperboard also are being reduced by the same amounts. The tariff on hand tools dropped to about 14% on Jan. 1 of this year from the original level of 17.5%, and will drop to 8.75% by Jan. 1972.

This article was prepared by trade regulations specialists in the Office of International Regional Economics, Bureau of International Commerce.

Canada

Upturns in consumer spending, capital expenditures point to buoyant economy

By ROBERT HAMERSCHLAG
European Division, BIC

U.S. sales to Canada should continue to climb in 1969, with all signs pointing to a buoyant Canadian economy. The combination of accelerated consumer spending and a sharp upturn in capital expenditures is expected to spur an expansion of the economy.

Leading Canadian businessmen were unusually optimistic in their year-end forecasts, although some were worried about the rising price level and international monetary instability. Still, the prevailing tone was of confidence that 1969 would be a very good year for Canada.

Canadian GNP increased somewhat more than anticipated in 1968, and prospects are for a 1969 GNP exceeding C$72 billion, a rise of 7.5% over the previous year, or about 4.6% when calculated in real terms. A major contributor to Canadian prosperity has been the high level of exports, which reached record heights in 1968 and provided a surplus of over C$1.1 billion in the merchandise account.

Less spectacular

Although exports will continue to grow, the rate will be less spectacular in 1969. Canada's export gains were largely scored in the U.S. market, sparked by a substantial rise in shipments under the U.S.-Canadian auto agreement. Sizable increases were also noted for raw material exports such as woodpulp, lumber, copper, iron ore, aluminum and crude petroleum.

Based on Canadian statistics, imports from the United States will exceed C$9 billion in 1968, a gain of 13% and this favorable rate of growth should continue in 1969. The United States will remain the dominant supplier on the Canadian market, maintaining its share of about 74% of total Canadian imports achieved in 1968. Products with strong sales potential include: aircraft and parts, computers, construction machinery, packaging machinery, teaching aids, medical and hospital equipment and pollution control equipment.

An official survey of 150 large firms (which account for 57% of total business spending) indicates that capital spending may increase by 8% in 1969, compared to the minor 2% increase in 1968 and the marginal decline in 1967. This turn-around in capital spending will get its greatest impetus from manufacturing, which could rise by 14% and electric power utilities anticipated up 11%. More moderate increases are planned in the other major industry groups, ranging from 1% for mining companies to 5% for companies in the gas and oil industry.

A stronger fixed investment trend would be reinforced by the resumption of higher rates of business inventory accumulation, following a period of low or even negative accumulation of stocks. The ratio between stock and sales has been on the decline since early 1967. Stocks should rise toward more normal levels in 1969, and the repletion of inventories would have a favorable impact on U.S. sales to Canada.

The picture is equally promising in the area of consumer expenditures. Excellent new car sales and an anticipated record Christmas retail trade augured well for a continued high level of consumer spending in 1969, with forecasts of a 7-8% increase over the previous year. Particularly good gains may be scored by color TV, stereos, household appliances and rugs and draperies.

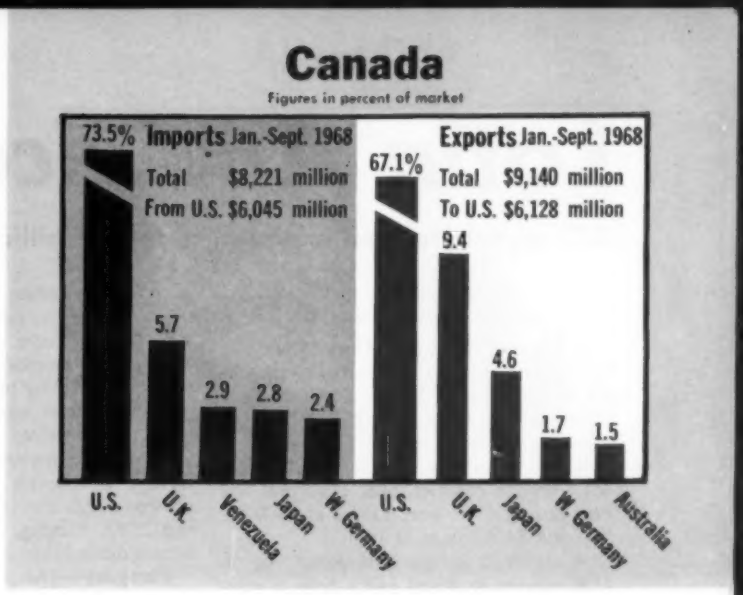
The factors likely to stimulate consumer spending include: the rising trend of new households; the need to replace outmoded durables where new purchases have been put off for a number of years; and the generally greater confidence in the economy which makes the consumer more amenable to large-scale purchases and to buying on credit.

Some businessmen predict the best year for consumer durables since 1959, although this forecast is hedged by the possibility that new sales taxes may be imposed by the provinces which could slow the expected sales. Difficult crop conditions in the Prairie provinces may limit the buying power of farm families.

Home building is also expected to rise, with about 194,000 housing starts projected in 1969, up about 5% from the previous year. The expected building boom, however, is probably still one or two years in the future. Business construction should continue the recovery begun in 1968. Because much of the capital spending growth will occur in manufacturing, construction activity should improve in the industrialized area stretching across Quebec and Ontario.

One of the less favorable elements of the economic picture is the persistence of serious inflationary pressures. For the first 11 months of 1968 the consumer price index averaged 4.1% higher than in the corresponding 1967 period. This represents the most rapid rate of inflation since 1951. There was some hope that the inflationary spiral was moderating during the third quarter, but the rise in prices accelerated again in October and November.

CHIEF CANADIAN IMPORTS FROM U.S.: automobiles and parts; industrial, farm and other machinery; electronic computers, scientific and communications equipment; aircraft and parts; coal, fuel oil, gasoline, fruits, vegetables, corn, soya beans, raw cotton, iron ore, aluminum, synthetic rubber, chemicals, and printed matter. **CHIEF CANADIAN EXPORTS TO U.S.:** automobiles and parts, newsprint and wood pulp, crude petroleum and natural gas, iron ore, aluminum, nickel, chemicals, frozen fish, aircraft and parts, communication equipment, whisky, lumber.



Latin America

U.S. exports to area expected to top $5 billion; economic integration falters

By RICHARD P. RICE
American Republics Division, BIC

U.S. exports to Latin America and the Caribbean in 1968 are expected to surpass the $5 billion mark for the first time. Estimates indicate a figure of $5.1 billion for the year, while a total of $5.3 billion in U.S. exports to Latin America is projected for 1969. In contrast, U.S. exports to the area during 1967 were valued at $4.7 billion and $4.8 billion in 1966.

A shortfall in the anticipated rise in U.S. exports to Brazil and a drop in shipments to Peru in 1968 are expected to be offset by modest but steady gains in trade with Argentina, Chile, Colombia, Mexico and Venezuela. Most major Latin American trading partners are expected to show some gains during 1969.

The outlook for U.S. exports to major U.S. trading partners is contained in the pages which follow. Prospects in other countries are summarized below.

Bolivia—U.S. exporters will probably find this market somewhat reduced in 1969 as a result of the slower pace of general business conditions. Old line local representatives are being caught in a profit squeeze and competitors are offering attractive price and credit incentives to overcome sales resistance. Traditional competition for U.S. suppliers from Western European and Japanese manufacturers is being intensified. New and active suppliers from other countries are continuing to enter this market.

Ecuador—U.S. exports during the next year should continue to grow with the country's general rise in imports. However, since foreign exchange shortages and balance of payments difficulties may continue to pose threats to the progress of the country's economy, liberal credit terms may be an important factor in the movement of U.S. goods.

Haiti—There are some prospects for expanding U.S. exports, despite an acute dollar shortage. An increasing number of light industries are being established there and new jobs are being created. A careful investigation of the prospects for industrial equipment, pharmaceuticals and various consumer goods, together with appropriate promotional techniques, may be expected to result in expanded sales to this small market.

Panama—Despite continued political unrest, forward movement in the economy is proceeding. Moreover, the nation's foreign commodity trade account may actually have improved by the end of 1968. Nevertheless, economists feel that some leveling off in the high rates of growth in gross national product which have characterized Panama in recent years will be unavoidable in the near future. It is believed, however, that strong growth trends should be reestablished during 1969, barring further politically inspired difficulties.

Paraguay—The prospects for U.S. exports to Paraguay appear uncertain for 1969. The economy experienced a slowdown in 1967 and 1968, and U.S. exports to Paraguay during the first half of 1968 were running behind those for the first half of 1967. Increased demands for agricultural and industrial machinery, however, could increase U.S. exports to Paraguay during the coming year.

Uruguay—Continued improvement in the foreign exchange situation and an increase in demand for agricultural and industrial equipment for its development program should result in an increase in U.S. exports to Uruguay in 1969. However, the increase will probably be moderate due to an expected continuance of import restrictions on items considered non-essential.

Regional developments

Developments of economic and commercial significance at the regional level could affect the overall outlook for U.S. trade and investment in the Latin area if the plans for economic integration congeal. Given the economic resources of the area combined with a large market potential devoid of restrictions on intra-area trade, U.S. exports could soar as industrialization progresses and consumer demands throughout the area become more sophisticated.

The Latin American Free Trade Association (LAFTA), started with such high hopes in the early 1960's, appears at present to be at a standstill. Lack of agreement continues to plague LAFTA's efforts to negotiate the second installment of the Common List, an agreed group of commodities which are to be traded without restrictions among the members by 1973. This list was scheduled for completion by the end of last year, under the terms of the Treaty of Montevideo which created LAFTA in 1961.

The Seventh Extraordinary Conference of LAFTA adjourned on Nov. 15 without reaching agreement. It was convened in July to complete negotiations on the Common List and on proposed safeguards for critical agricultural products placed on the Common List.

Agreements on the safeguards theoretically would have eased the way for members to put most agricultural products on the Common List, thereby almost assuring completion of the second installment. The proposal, however, was defeated by the negative votes of Ecuador, Paraguay and Peru. No future meetings to consider the Common List and the agricultural safeguards have been scheduled.

Recent LAFTA cuts

The LAFTA Eighth Ordinary Conference met during the latter part of 1968 in Montevideo to negotiate further concessions on the National Lists. Some 750 new concessions were added to these lists plus approximately 70 additions to the special lists for those members of LAFTA which are considered less developed. While a detailed analysis is not yet available, preliminary information indicates that this conference may be the most successful in recent years.

With respect to developments within the economic integration movement of the Andean group of countries (Bolivia, Chile, Colombia, Ecuador, Peru and Venezuela) progress has been slow and hesitant. However, the Andean countries have agreed on, but not yet ratified, the statutes of an Andean Development Corp. and a complementation agreement for the petrochemical industry. The Andean group had originally been scheduled to sign an agreement on economic integration this past May, but strong qualms over the effect on domestic industry in Venezuela, as well as in Peru and Ecuador, forced postponement.

The latest draft provides for intra-regional trade liberalization within 11 years and elimination of non-tariff barriers within one year. Sectoral planning and the harmonization of economic and social policies are given equal status with tariff liberalization and the creation of the common external tariff for countries of the Andean group.

Further meetings to reach final agreement on the tentative accord were postponed at least until early 1969.

Argentina

Quickening economic pace points to increased import requirements

By KENNETH N. HYNES
American Republics Division, BIC

Argentine business activity, led by the construction, mining, and manufacturing industries, rose sharply in the second half of 1968. Total 1968 imports probably approximated the 1967 figures, and 1969 should offer increased sales opportunities in view of the quickened internal business tempo and the anticipated recovery and expansion in exports.

According to the Ministry of Economy's report for the third quarter of 1968, the Government's expanded public works program has had a stimulating effect upon business. Third-quarter growth in the Gross Domestic Product (GDP) reached 6.2%, as against growth rates of 0.9% and 0.7% in the first and second quarters. The increase in GDP in the third quarter was achieved despite a 7% decline in agricultural production compared with 1967, as well as a substantial drop in foreign trade.

The increased business activity, spearheaded by the fields previously cited and the service industry, was accompanied by significant increases in internal investment and employment. The Ministry estimates that unemployment in major cities declined from 6.3% in Oct. 1967 to 4.8% in Sept. 1968, the lowest unemployment rate since Oct. 1965.

The momentum since mid-1968 has led to confident expectations for 1969. In contrast to a GDP growth of 2% in 1967, the 1968 rate of growth is expected to reach 4%. For 1969 the Minister of Economy has predicted that the growth rate will rise by 6% or more.

This optimistic forecast, however, must be weighed against an indicated curtailment of the public works program, which is credited with sparking the business upswing.

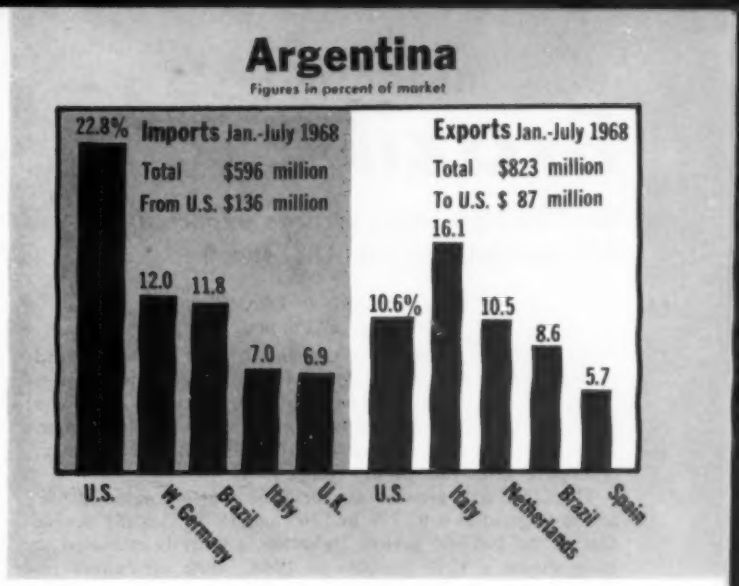
Highly favorable weather conditions and enlarged areas under cultivation point to increased 1968/69 wheat and corn crops. The wheat crop may reach 8.5 million tons, or about a million tons more than in 1967-68, and wheat exports may double in the coming year. The area planted to corn is the largest since 1941-42. Export sales of these products will be enhanced by recent reductions in export taxes, and market prices should strengthen through improved minimum price enforcement under the International Grains Agreement. Increased availabilities of wool for export, also favored by reductions in export taxes and an exemption from the sales tax, project an encouraging prospect.

The Argentine peso has remained stable since the March 1967 devaluation, and lower interest rates on future exchange contracts reflect continued confidence. The rate of increase in the cost-of-living index was restrained to 8.1% in the first 10 months of 1968 and will probably not exceed 10% for the full year. This is in striking contrast to 1967, when the index rose 29.2%.

Argentine creditworthiness has been firmly established, as testified by international credit support, such as the placement of four foreign bond issues for $100 million.

Despite heavy external debt repayments and the reduced foreign trade surplus in 1968, Argentina is expected to achieve a balance of payments surplus of about $150 million, largely on the basis of capital inflows.

The United States maintained its usual share of the Argentine import market through the first seven months of 1968, and increased its relative share of Argentine exports (see data box). During this period, Argentine exports declined 19% and imports dropped 5%. It is noteworthy that despite the overall drop in Argentine imports, one category of imports increased in absolute value and relative share over the corresponding period of 1967: machinery and mechanical appliances plus electrical equipment and related parts. This is a category in which the United States has traditionally been a leading supplier. There are indications that U.S. exporters are meeting intensified competition prepared to offer more attractive terms, and U.S. suppliers have had little success or have failed to participate in some public invitations to bid to supply some of the equipment in this category.



ARGENTINA'S CHIEF IMPORTS FROM U.S.: industrial machinery, organic chemicals, road motor vehicles and parts, aircraft and parts, iron and steel, telecommunications equipment, synthetic resins and plastic materials. **ARGENTINA'S CHIEF EXPORTS TO U.S.:** canned meat, wool, iron and steel, residual fuel oil, sugar, leather, hides and skins, and casein.

U.S. holds its own

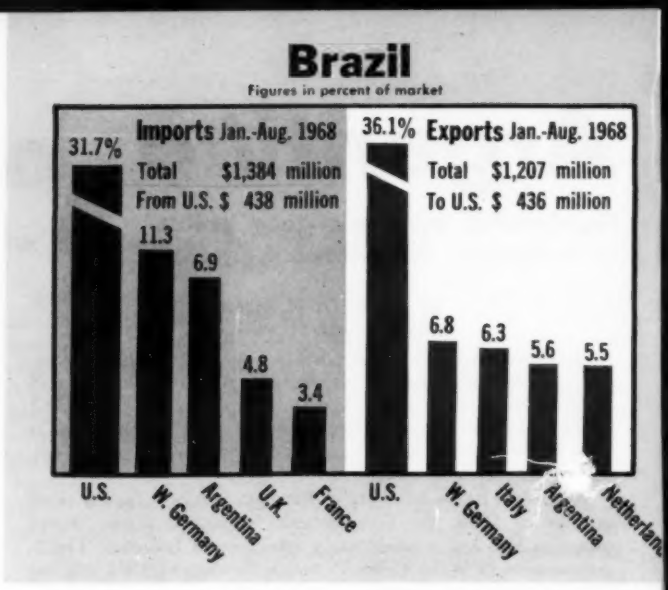
It appears from the latest available U.S. Census Bureau data, however, that U.S. exporters have more than held their own. In the ten-month period Jan.-Oct. 1968, U.S. exports to Argentina increased by nearly 7%, while during this period Argentine imports declined by 5%. It now appears that total U.S. 1968 exports to Argentina will exceed the 1967 level of $230 million. The current economic upswing in Argentina has prompted an increase in imports and final results should nearly equal last year's level.

Export prospects are promising, especially for capital equipment. U.S. participation in the Argentine market must push hard to match the aggressiveness and the financing terms of European and Japanese competitors. U.S. Government facilities, such as the expanded export facility of the Export-Import Bank, stand ready to help. Specific commodity lines that offer attractive sales possibilities are bridge-and-road building machinery and vehicles; other heavy construction equipment; communications equipment; electronic instruments; aircraft, metal-working machinery; oilfield and mining machinery; packaging machinery; railway equipment; chemical industry and power industry equipment; and industrial raw materials.

Brazil

New foreign trade records expected; stiff competition cuts U.S. share

By RICHARD P. DRAVES
American Republics Division, BIC



Brazilian trade figures are thought to have reached record proportions in 1968, with prospects for 1969 equally impressive. Imports in the first eight months of 1968 were up 27% over 1967, while exports were running on the order of 14% higher. The U.S. share of the burgeoning Brazilian market, however, is slipping in the face of stiff competition.

The GNP real growth rate for 1968 was estimated at 6% and is targeted at 6 to 7% in 1969 and 1970, virtually double that of the 1962-66 period. Industrial activity is estimated to have shown a 12% increase in 1968, while agriculture remained at the 1967 level. The rate of increase is accelerating primarily because of increased levels of investment.

The rate of inflation has been reduced markedly in recent years. It descended to the 25% level in 1967, which probably was improved upon slightly in 1968. Strong inflationary pressures persist, however. Domestic liquidity is relatively tight now and monetary performance in the coming months should improve as a result of the recent change in the exchange system.

Surveys indicate considerable business confidence in the economy, with more than two-thirds of the firms consulted anticipating continued expansion in coming months. Economic indicators all show advances in the first three quarters of 1968 over 1967: power consumption up 13% to 20 billion kwh., steel production up 16% to four million tons, vehicles up 20% to 203,000 units, tractors up 72% to 8,000 units, and crude oil up 12% to seven million cubic meters.

In Greater Sao Paulo cement production was up 15%, employment offers up 61%, industrial sales and purchases up 28 and 41% respectively, and licensed industrial and construction area up 63%. The Minister of Planning has predicted that in 1968-70 output of petroleum will increase by 80% over 1962-66, motor vehicles 50%, electric power 47%, steel 40%, and iron ore exports by 50%.

The impact of the year-end political events on business confidence, performance and forecasts is hard to ascertain at this time, although the economy has been gaining in basic strength.

The surge in gross investment has translated directly into a substantial rise in total imports, which may have surpassed the $2 billion mark in 1968. The biggest increase occurred in capital goods machinery and vehicles (+44%), then raw materials (+41%) and chemical products (+34%). Imports of manufactures grew slightly (+12%) and food products actually declined (−7%), according to available comparative 1967 and 1968 data. The proportion of capital goods to total imports grows each year, in spite of Brazil's waxing self-sufficiency in many industrial lines.

Slipping U.S. share

Meanwhile, the U.S. share of the market has not kept pace in face of sharp price and credit competition from other suppliers. In 1968 it may decline to under 32% from 34.3% in 1967. This may be due not only to not being flexible enough with credit terms in commercial trade, but also of U.S. aid-financed shipments not being as large as expected last year. It is doubtful the U.S. share in 1969 will increase beyond the one third of recent years.

Trade liberalization policies initiated a few years ago have greatly eased impediments to both imports and exports, although some barriers remain. The import policy is designed partly to lower the costs and increase the productivity of Brazilian manufacturers.

The U.S. exports to Brazil expected to show the strongest near-term growth are mining and construction machinery, aircraft and parts, metalworking machinery, electric power machinery and switch gear and parts, textile machinery, chemical and petrochemical equipment, and scientific, medical, optical, measuring and controlling instruments and apparatus.

BRAZIL'S CHIEF IMPORTS FROM U.S.: wheat, coal, aircraft, tractors, petroleum products, electrical apparatus, and fertilizers. BRAZIL'S CHIEF EXPORTS TO U.S.: coffee, sugar, iron ore, wood products, manganese ore, iron and steel sheets and bars, and castor oil.

Last August the Government instituted a new system of frequent, irregular, small adjustments of the exchange rate based on consideration of relevant price trends and the level of foreign reserves. There have been three devaluations since, each under 2%. Exchange speculation has been minimized, contributing to soundness in the commercial and financial markets, and to orderliness in the balance of payments.

On an f.o.b. basis the trade accounts for 1968 may almost balance, but the current account deficit caused by net outflows in services is more than compensated for by net inflows in both the official and private capital accounts. Reserves are also improving. The adjustable peg exchange system is likely to dampen demand for imports and foster export growth.

U.S. show a success

Sixty-three U.S. companies made an impressive sales record at the special Industrial Machinery Exhibition held in Sao Paulo last October. They rolled up a total of more than $3.3 million in immediate orders at the show, and predicted that additional sales during the next year would top $11.4 million, all as a result of their participation.

The establishment of a permanent U.S. Trade Center in this growing South American market also is under consideration.

The success of the show was enhanced by the presence of agencies prepared to provide necessary export credit services, such as the Export-Import Bank of the United States.

Caribbean

Free Trade Association makes gains, but Development Bank is postponed

By FREDERIC G. KAYSER
American Republics Division, BIC

Progress toward economic integration of the English speaking Caribbean was mixed in 1968, with the Caribbean Free Trade Association (CARIFTA) making some gains as an effective institution, while the Caribbean Development Bank, which was to be its sister organization, failed to materialize except on paper.

By Aug. 1, the CARIFTA agreement had been ratified by Barbados, Guyana, Jamaica, Trinidad-Tobago, Antigua, Dominica, Grenada, Montserrat, St. Lucia, St. Vincent and St. Kitts-Nevis-Anguilla.

The countries agreed on a reserve list of products to avoid sudden dislocation of industries or sudden loss of import duty revenue. The more developed among these countries (Trinidad, Jamaica, Guyana and Barbados) have five years to remove the duties on this list for CARIFTA members, and the lesser developed countries have ten years.

The Caribbean Development Bank had not become functional, as hoped, by the end of 1968. A number of organizational problems have not been solved, and it appears the bank will not get into operation until well into 1969 at the earliest.

In spite of devaluation a year ago in all English-speaking Caribbean territories except the Bahamas, growth of total U.S. exports to the area has not suffered the degree of slowdown anticipated. Indeed, the total for the Dutch, English and French-speaking territories (except Haiti) is believed to have reached a little over $603 million for calendar 1968. This is only a 2% increase over 1967, but conservative projections for 1969 are for a total of $637 million in American exports, or nearly a 6% increase.

The Bahamas

The tourist industry and construction will continue to lead the Bahamas' economy. Both are expanding and should assure U.S. exporters a continued market for capital goods, construction materials and hardware and food of all kinds.

Sales of consumer items should also gain impetus as tourist expenditures bring in ever-increasing revenues (around $125 million estimated for 1967). Cars, trucks, furniture, clothing and electrical apparatus and appliances appear to be the biggest and fastest growing items in this group.

The fact that the present government initiated and has strongly supported a Department of Social and Economic Development assures an ever-growing involvement in social projects. Budgets for health and education stand out, each having increased over five-fold in the last three years. American firms would do well to watch for new projects in these fields by the Bahamian Government.

Trinidad-Tobago

Three important events should brighten the market outlook for U.S. goods in Trinidad in 1969. One is the recently issued list of basic materials, which, when used in local production processes, may be imported duty-free from any source. The second is the Government's plan to develop the Chaguaramas area (formerly a U.S. Naval Station) with marinas for commercial shipping and yachting, tourist and recreational facilities, plus a light industry complex.

The third and perhaps most important event was the discovery of large new fields of natural gas and oil off Trinidad's southeast coast. The full extent of the fields is not yet known, but they will provide a strong stimulus for Trinidad's oil refining and petrochemical industries. Exports of equipment for these industries should increase markedly.

Trinidad continues to add many consumer and household items to the restricted import list. Dairy breeding stock, animal feeds and farm machinery should continue in strong demand.

Netherlands Antilles

The pattern of demand for U.S. goods will probably remain largely unchanged, although it can be expected to increase at around a healthy 7% per annum, as it has the last two years. The big question is whether a new tariff schedule giving reverse preferences to the EEC is enacted. It has been proposed and is under discussion. Its enactment would have an adverse effect on trade with the United States, although it cannot be predicted to what degree.

Food, of all types, clothing, non-electric machinery, motor vehicles and construction machinery should continue to be the big sellers. A U.S. Food Exhibit held in Curacao in early November will no doubt help American sales of food products.

Jamaica

The United States will continue to be Jamaica's most important trading partner despite the devaluation of Jamaica's currency in November 1967. In 1967 the United States provided 39% of total Jamaican imports.

Jamaica's pattern of imports will remain unchanged, despite some increase in licensing arrangements designed to protect local industries and to minimize imports of non-essentials. Manufactured goods still command the largest portion of Jamaica's foreign expenditures, accounting for 26% of total imports in 1967. Other major imports are machinery, transport equipment, food products, fuel and lubricants, and chemicals. These items continue to offer excellent opportunities to U.S. exporters.

The expected increase in foreign investment and tourist revenue will provide the foreign exchange needed to finance Jamaica's growing appetite for imports.

Shortly after Jamaica's entry into the Caribbean Free Trade Association (CARIFTA), duty free admission was granted to imports of raw materials from all sources when those materials are used in the local production processes. This will improve the competitive status of U.S. suppliers, usually disadvantaged by British Commonwealth preferential tariff rates.

Caribbean

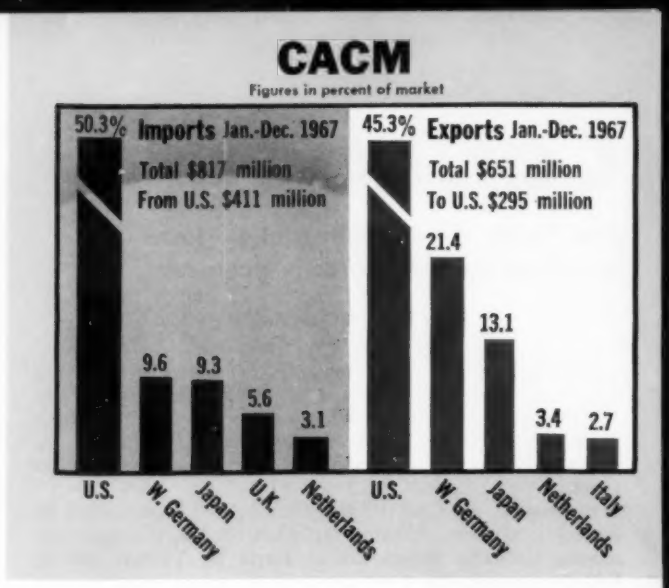
	1967 Imports			1968 Imports			
				January-Latest Month			
	From world (million $)	From U.S. ($)	U.S. share %	Latest month	From world (million $)	From U.S. ($)	U.S. share %
Bahamas c.i.f.	163	113	69.4		(1)	(1)	(1)
Bermuda c.i.f.	68	34	49.1	June	36	16	44.4
Jamaica c.i.f.	303	117	39.1	May	155	61	38.6
Nether. Antilles f.o.b.	(2)328	(2)31	(2)9.4		(1)	(1)	(1)
c.i.f.	(2)396	(2)37	(2)9.4		(1)	(1)	(1)
Trinidad & Tobago c.i.f.	411	63	15.3	July	227	31	13.7

(1) Not reported.
(2) Jan.-June

Central America

Tight credit, import surcharge limit outlook for U.S. trade gains in area

By CARL R. JACOBSEN
American Republics Division, BIC



U.S. exports to the five-country Central American Common Market (CACM) are expected to register only a slight gain during 1969. Exports for 1968 probably just matched the 1967 performance.

Although the economies of the five nations are basically healthy and expanding at a reasonable rate, they are, in varying degrees, all facing current account deficits in the international payments as well as internal fiscal difficulties.

Efforts to correct these problems have included tightening of domestic credit and the imposition of temporary trade restrictions on non-essential goods. In June the five countries signed the San Jose Protocol which, when implemented, would place a 30% surcharge on many imports, chiefly non-essential items, and would allow the levying of additional consumption taxes. To date Guatemala, Nicaragua and El Salvador have implemented the Protocol.

The economic growth in all five countries has been continuous, but the rate has been declining in recent years. Costa Rica's GNP (based on current prices) reached an estimated $682 million in 1967, up 8.1%, with an increase of about 8% officially projected for 1968. El Salvador reached $879 million, up 4%, with an increase of 6% expected for 1968. Guatemala's GNP increased by about 4% to $1,428 million in 1967, with an estimated growth of 6% for 1968. Honduras increased its GNP by about 5.7% to $576 million in 1967, with a dip to about 5% for 1968. The GNP for Nicaragua, which reached $641 million in 1967 is estimated to have increased some 7% for 1968. Growth rates during 1969 will probably remain about the same.

The business community in the CACM is, for the most part, optimistic. The reduction in growth rates had generally been expected after the rapid expansion during the first five years of economic integration. Businessmen and government officials are encouraged by the fact that economic expansion has continued at a comparatively high level, that intra-regional trade continues to grow and that regional cooperation has strengthened.

However, the market is not without its problems. Some impediments to free trade, mostly on agricultural items, have gone into effect in some countries. But prospects are good that these minor problems can be solved. Of greater concern is the backlog of protocols which have not been placed into effect. These are chiefly the Fiscal Incentive Protocol which will establish uniform investment incentives in all member countries, and the San Jose Protocol which not all members have fully implemented. These problems could test the willingness of the member countries to cooperate in the face of difficulties, and could test the bonds of economic union.

The value of imports, excluding intra-regional trade, rose to $817 million in 1967, with the United States supplying $411 million worth, or 50.3%. Exports, on the other hand, were $651 million, with the U.S. taking 45.3% or $295 million.

Total CACM imports, including intra-regional trade, were valued at $1,029 million in 1967, with intra-CACM trade accounting for some 21% of the total. Exports, including intra-CACM trade, totaled $858 million for the same year, with about 24% going to other CACM countries.

CHIEF CENTRAL AMERICAN IMPORTS FROM THE U.S.: machinery, automobiles and parts, chemicals, paper and paperboard, fertilizers, insecticides, medicinals and pharmaceuticals, wheat. CHIEF CENTRAL AMERICAN EXPORTS TO U.S.: coffee, bananas, sugar, beef, shrimp.

While CACM import data for 1968 are not available, U.S. figures indicate that U.S. exports to the CACM in 1968 probably only equalled 1967 levels, and 1969 exports should rise slightly. Intra-regional imports will probably increase faster than extra-regional imports because of the continuing import restrictions which grant favorable advantage to CACM-origin goods. This continuing rise in intra-regional trade, caused by import substitution industries and elimination of trade barriers, is one of the reasons that the U.S. market share has been slowly decreasing. In addition, growing competition from third country suppliers, especially Germany and Japan, has also affected U.S. sales.

The imposition of the 30% surcharge and the continuing tight credit restrictions will discourage the importation of non-essential goods, mostly luxury items, and as such, the private sector will be the most affected.

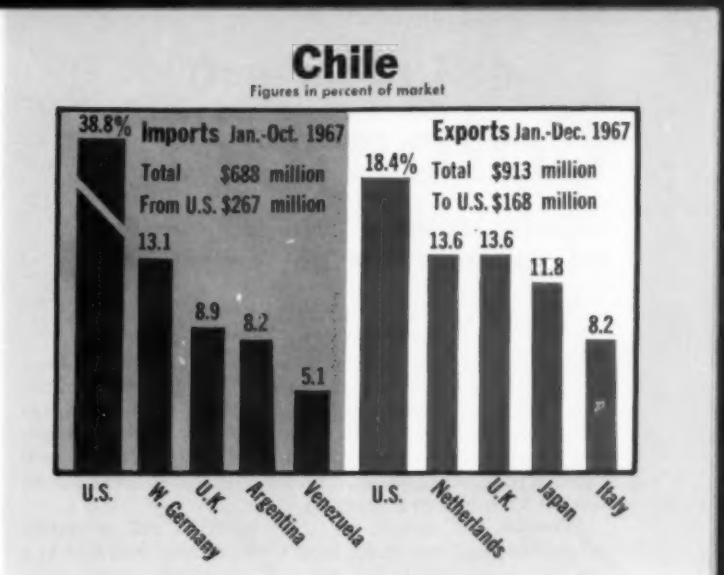
The individual countries are planning large infrastructure investments which would include developments in ports, roads, electric power, communications (especially a regional micro-wave system), water supply and sewage, irrigation, grain facilities and other agricultural projects. Since many of these projects will be financed in part by the international lending agencies as well as U.S. Government funds, they will provide opportunities for U.S. consulting engineers, construction firms and exporters.

Thus the outlook should remain fair to excellent for U.S. exporters in a large range of goods despite increased restrictions. This will be especially true of construction machinery; agricultural, poultry, livestock and dairy equipment; food processing and packaging equipment; industrial machinery and forestry equipment.

Chile

Import surge expected to continue; capital goods for development lead way

By CALVIN BERLIN
American Republics Division, BIC



Chile's imports from the world and from the United States reached record highs in 1966, suffered a slight decline in 1967. perked up in 1968 and promise to surge ahead again in 1969.

Total imports in 1966 amounted to $751 million, of which the United States supplied nearly $300 million. Partly due to the difficulties involved in the changeover to the Brussels Nomenclature, Chilean trade statistics are incomplete for 1967 and still in the rough projection stage for 1968. Indications are that total imports in 1967 reached about $725 million, with the United States supplying nearly the 40% share attained in 1966. In 1968 imports are thought to have risen considerably, perhaps as high as $950 million, with the United States supplying some $350 million.

Continued growth is also expected for 1969, probably pushing total imports over the billion dollar level.

The principal factors contributing to the rather marked rise in imports are the substantial imports of capital goods needed for carrying out the large expansion of facilities for the production of copper, iron ore, and steel, and the drought-induced imports. To a lesser degree, imports are being influenced upward by development project loans from international agencies and supplier credits extended by Western European countries.

While the volume of imports by the private sector will be heavily influenced by world prices for copper, Chile's main earner of foreign exchange, the expansion of copper, iron, and steel facilities will go forward with considerable assistance from the Export-Import Bank of the United States. The unprecedented severity of the drought will also necessitate larger imports of foodstuffs, coal for electric power generation, and equipment for water well drilling, irrigation, and grain storage facilities. Imports of foodstuffs alone are expected to reach about $200 million in 1969, some $70 million above the estimated 1968 record high of $133 million.

Severe drought

The drought has already exerted an adverse impact on the economic growth of the country, slowing the average annual rise in GNP from the 5% of recent years to an estimated 2 to 3% in 1968 and perhaps lower in 1969. Aside from the decline in agricultural production, many industries are hampered by electric power shortages.

Inflation also continues to be a matter of concern. Following the relative improvement shown by a 17% increase in the cost of living in the Santiago area in 1966, increases of 22% and an estimated 28% were registered in 1967 and 1968 respectively.

On the international financial scene, Chile is faring somewhat better. The country's balance of payments is expected to show a compensatory surplus for 1968, and be roughly in equilibrium in 1969 should an accelerated inflow of international credits materialize. Again, much will depend on how well the currently good copper prices hold up.

The adverse impact of the drought should prove but a temporary setback to Chile's economic growth. In the longer term, the investments being made in copper, iron, and steel will generate additional foreign exchange earnings. The government is also going ahead with basic infrastructure programs designed to improve telecommunications, rail transport, water and sewage facilities, agricultural production, and educational and medical facilities.

In the private business area, in some cases with government assistance, investments are also being carried out to increase local production of petrochemicals, cellulose, paper, fertilizers, and processed foods, including fish meal. These projects show a faith in Chile's economic future.

CHILE'S CHIEF IMPORTS FROM THE U.S.: passenger cars and trucks, motor vehicle and tractor components and accessories, aircraft, pumps and centrifuges, construction and mining machinery, mechanical handling equipment, and electric power machinery and parts. CHILE'S CHIEF EXPORTS TO U.S.: copper, iron ore and concentrates, fish meal, sodium nitrate, and fresh fruits.

Best trade possibilities

Specific examples of items that appear to have better than average sales prospects in Chile over the coming year include both raw materials and manufactured goods.

In the agricultural sector a large portion of the needed agricultural equipment will be imported by government agencies. Fertilizer spreaders, harrows, mowers, seeders, combines, tractors, dairy and irrigation equipment will be needed. Breeding cattle, fertilizers, insecticides, and pesticides will also be imported.

Road building machinery and vehicles, telecommunications and broadcasting equipment, and railroad rolling stock components will be needed to improve communication facilities. Rolling mills and ancillary equipment will be needed for the steel projects financed with a $25 million Eximbank loan. Local sources can provide but a small amount of the hospital and scientific equipment required. Pumping equipment will be needed.

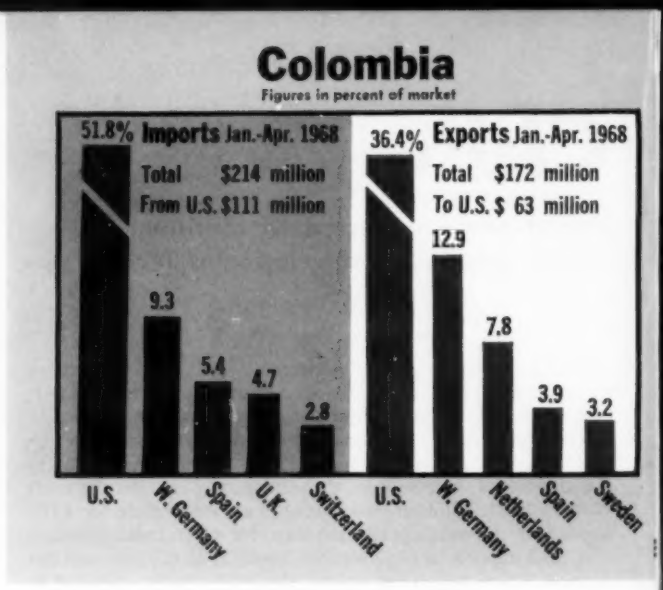
Pigments, dyes, chemical reagents, antibiotics and pharmaceuticals will continue to offer good import possibilities.

Although U.S. exporters can expect to benefit from the assistance extended to them by official U.S. Government lending programs, they will have to give special attention to traditional export promotion if they expect to maintain or increase their position in the promising Chilean market. Western European countries and Japan are well-entrenched in the Chilean market and offer highly competitive prices and credit terms.

Colombia

Imports, economic pace continue rise; U.S. exporters face stiff competition

By LOUIS J. MURPHY
American Republics Division, BIC



Colombia expects to realize additional, but moderating, growth in foreign exchange availability in 1969, thus permitting a continued increase in the Government regulated import level. Since both the growth in exchange availability and general import demand are expected to slow somewhat, a total 1969 increase in imports of approximately 9-10% to an annual level of $710 million is expected.

However, the outlook for U.S. exports is not necessarily as encouraging. Two major factors which could well lead to a less than proportionate U.S. share of this growth are the growing third-country interest and competitiveness in the Colombian market, and Colombia's efforts to channel more of her import needs to those suppliers which offer new or noticeably increased markets for Colombian exports.

Unless U.S. exporters pay close attention to their market development activities and price, credit and delivery terms, these factors could bring about a decline in the U.S. share of the growing Colombian import market from the estimated 47-48% level of 1968.

Preliminary data indicate that 1968 imports increased by about 25-30% over the 1967 total of $497 million (c.i.f.). Such a magnitude of growth would entail a 1968 import level in the $630-650 million range, a total approaching the record 1966 level of $674 million.

Payments recovery

The favorable outlook for 1969 trade growth is based upon the continuation of the significant balance of payments recovery realized in 1968. While a serious 1966 deficit in Colombia's international payments led the Government to implement a 27% reduction in 1967 imports, a noted improvement beginning in late 1967 permitted the authorities to license progressively larger monthly import levels in the subsequent period. Among the major factors contributing to the favorable 1968 developments and 1969 forecast are the sharp increase in Colombian "minor" exports (all except coffee and petroleum), growing business confidence, and international agency and U.S. economic assistance.

Both Colombian and U.S. statistics demonstrate the effects of this liberalized import licensing policy. Preliminary Colombian import data (import license basis) show total Jan.-Sept. 1968 imports of $457 million, or approximately 21% above the $378 million level for the comparable 1967 period. Latest U.S. export statistics list Jan.-Oct. 1968 shipments to Colombia valued at $264 million, nearly 49% above the $177.4 million level during the same period of 1967.

Given the demonstrated progress made under the current import regulation system and the Government's desire to maintain its present control over the international payments situation, there is little likelihood of a basic revision of the system in the near future. Consequently, the outlook is for a continuation of the present import licensing and import budget approach. However, to the extent feasible, import budget levels and license approvals are likely to grow apace of exchange availability, while the prior import deposits for higher priority goods may be reduced in light of the tight credit situation.

During 1968, the Government's basic attitude toward foreign private investment was further delineated in a number of public statements and official decrees. While recognizing the value of such investment for a developing economy, the Administrative Planning Department, which must screen most investment proposals of over $100,000, will continue to exercise a high degree of selectivity on a case-by-case basis.

Within the overall policy guidelines, the Government has demonstrated a flexible attitude concerning the revision of certain specific provisions. One example of this flexibility is Resolution No. 1 of 1968, which noticeably increases the definition of net investment value for annual profit remittance purposes.

Requests for foreign exchange to cover patent, trademark and royalty payments are expected to be processed without undue delay. However, the Government will continue to closely scrutinize all such agreements in an attempt to ensure that the resultant foreign exchange costs accurately reflect the benefits received by the Colombian economy.

COLOMBIA'S CHIEF IMPORTS FROM U.S.: industrial machinery, electrical machinery and equipment, passenger cars, trucks and parts, aircraft, organic chemicals, agricultural machinery and implements, and wheat. **COLOMBIA'S CHIEF EXPORTS TO U.S.:** coffee, petroleum and products, sugar, platinum and platinum group metals, cotton fabric, shellfish, and tobacco.

Best prospects

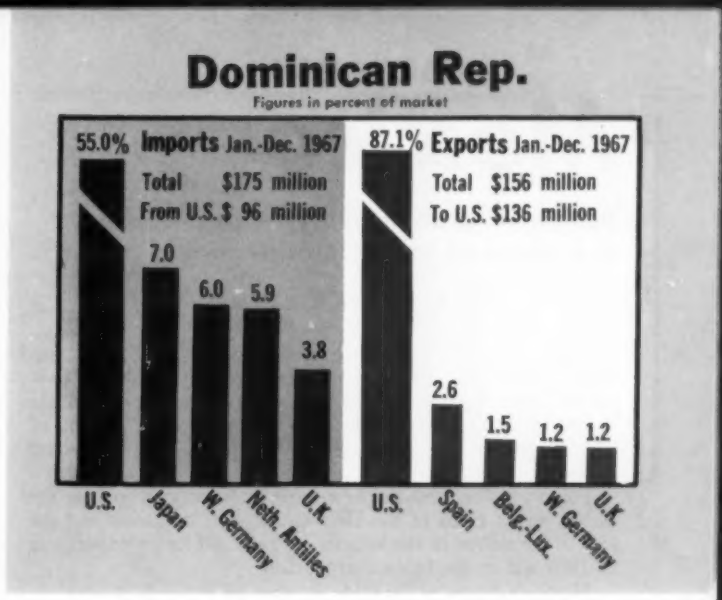
In general, 1968 was a year of initial consolidation and subsequent recovery from the international payments deficit and resultant belt-tightening measures of the previous 18 months. Barring any unforeseen difficulties, 1969 should begin a period of expanded economic activity.

Consequently, though existing local industry will still require a substantial level of imported inputs, it is likely that a major emphasis will be placed on imports for additional agricultural and industrial development/diversification, and expansion of infra-structure projects. Within this area, the best prospects for U.S. exports would include agricultural and construction machinery; machine tools and metalworking machinery; mechanical handling equipment; packaging machinery; food processing machinery; and telecommunications equipment.

Dominican Republic

Light industrial goods, agricultural items should lead strong import rise

By ROBERT H. BATEMAN
American Republics Division, BIC



Dominican imports in 1969 are expected to maintain a steady rate of growth, especially if exports increase as expected. The U.S. share of the market should remain in the 50 to 55% range. While the demand for consumer goods will remain quite strong, the items with the surest growth potential among Dominican imports are light industrial machinery and agricultural equipment.

Besides actual 1969 export earnings, an important determining factor in the eventual level of Dominican imports in 1969 will be the import restraint policy of the Balaguer administration. The import quotas and prohibitions due to expire on Dec. 31, 1968 have been extended for another six months.

Trade deficit grows

The drought that affected the country in the first part of 1968 is having a deleterious effect on the Dominican balance of payments, especially on the trade account. The growth in Dominican exports, almost entirely agricultural products, has been disappointing because of the drought.

In addition the Dominican Republic was forced to import at least $15 million in food and lumber to supplement the shortfall in local production caused by inadequate rainfall. This effectively neutralized the restraining action of the special import controls in effect since 1967. As a consequence, the trade deficit for January through October rose to $19.3 million, compared with the $16.8 million figure for the same months of 1967.

There are indications, however, that sugar exports, the main element in this shortfall, picked up during the last two months of 1968. This, together with the fact that Dominican imports were unusually heavy in the second and third quarters of 1968 in anticipation of the U.S. dock strike, points to the possibility of a trade deficit less than what might have been projected from the January to October rate of growth. Also contributing to the high level of imports in 1968 was the increase in business activity over the previous year.

Many businessmen and importers oppose the import restrictions now in effect, while other Dominicans believe that such control is absolutely necessary and that it should be intensified. Still in effect, however, is the 1967 decree permitting circumvention of almost all import controls when privately-held foreign exchange (*divisas propias*) is used.

Most, if not all, of this foreign exchange is in foreign banks since by law the Central Bank controls all foreign exchange within the country. But indications are that imports with *divisas propias* have not exceeded 5% of total Dominican imports.

It is quite possible that the list of commodities either prohibited or subject to exchange quotas will grow to include not only more consumer goods but also items produced by new local industries. Among the new or newly expanded industries so protected might be the Metaldom metallurgical complex and a proposed new petroleum refinery.

Still a problem

The Dominican commercial arrearage continues to be a problem, but it appears that both the level of arrears as well as the average delay in payment have decreased slightly in recent weeks despite the rise in the trade deficit and the sizeable amortization payment on the external debt that fell due in 1968. Since payments on the external debt will peak in 1969 at about $38 million, falling to about half that figure in 1970, the medium term outlook for a considerable improvement in normal commercial payments is good.

Interest in closer economic and commercial cooperation between the Dominican Republic and Puerto Rico continues to run high on both islands. A second conference of the Joint Dominican-Puerto Rican Economic Commission was held in San Juan in August.

Moreover, now that free zones have been created in the Dominican Republic there exists the possibility of Dominican-Puerto Rican twin plant operations under provisions of the recent Industrial Incentive Law (no. 299).

Free industrial zones

Three free industrial zones were established in 1968 pursuant to Industrial Incentive Law provisions for Category "A" (export-producing) firms: one is near the Punta Caucedo Airport, one is in the city of San Pedro de Macoris, and the third is located in the city of La Romana. As no administrative organization has been created, however, these zones are not yet in operation.

Ordinary commercial warehousing will not be permitted within these zones since Category "A" status is open only to manufacturing companies.

Private and public investment in the Dominican Republic is expected to be heavy in 1969. Falconbridge Dominicana plans to begin the first phase of construction of their $100 million in nickel mining. Construction of the Yaque del Norte (Tavera) Dam, financed in part with AID and Inter-American Development Bank funds, is also to begin. Furthermore, there are indications that a petroleum refinery will be installed within the year and that the United Fruit Co. will begin agricultural experimentation in Azua.

CHIEF DOMINICAN REPUBLIC IMPORTS FROM U.S.: wheat, vegetable oils, automobiles, tractors, pharmaceuticals and construction machinery. CHIEF DOMINICAN REPUBLIC EXPORTS TO U.S.: sugar, coffee, cocoa, tobacco, bauxite and molasses.

Mexico

Sustained growth likely, with problems; U.S. share of import market may drop

By ROBERT H. BATEMAN
American Republics Division, BIC

The outlook for the Mexican economy in 1969 is for sustained growth and continuing pressure on the balance of payments as the result of an excess of imports over exports. While the GNP should grow by at least 6%, the rate of growth of Mexican imports is not expected to exceed 5%. The U.S. share of the market may fall very slightly.

Factors influencing the near-term trade outlook include the public works plans of the Diaz Ordaz Administration and the size of the deficit in the balance of trade. Of lesser importance in 1969 will be the balance of tourism.

Mexico's deficit on the trade account for the year 1968 will approach $800 million. During the first eight months of the year imports rose at a rate of 11.2%, while exports grew only 2.3%. An important element in the jump in imports, of course, was the foreign goods that were needed in connection with the Olympics. But the demand for imports arises from all sectors of the Mexican economy, as evidenced by the 47% rise in total imports in the non-Olympic years 1960 to 1967.

Public investment traditionally runs high in Mexico during the final two years of a presidential term, and these last two years of the present administration will be no exception. Government spending on public works and other infrastructure projects may continue at the level experienced in the period leading up to the Olympics, but this construction activity is not expected to induce the same pressure for related imports that was felt during 1968.

Controls may be needed

If the trade deficit does not begin to diminish, there is the possibility that import controls will be tightened. Also, measures might be taken to curb Mexican tourist expenditures abroad, which in recent years have been increasing faster than foreign tourist expenditures in Mexico.

Items that will continue to grow in importance among Mexican imports include heavy machinery, chemicals (except petrochemicals and resins) and advanced industrial instrumentation. The percentage of consumer goods among total imports should continue its downward trend; in 1967 consumer imports constituted 16.5% of the total, compared to 18.5% in 1960.

A new orientation in Mexican industrial policy may have some bearing on Mexico's imports in the medium and long term. The changes in this policy now under consideration were outlined by Under-Secretary of Industry and Commerce Garcia Reynoso in a recent address. Of particular interest is the changing official attitude toward protection.

According to Garcia Reynoso, import controls have been widely used in the past several years as an instrument for the promotion of Mexican industrial development. The trend in the use of such controls is illustrated by the fact that whereas in 1950 only 0.9% of total merchandise imports were controlled, about 67% of today's imports are subject to control. In the majority of cases restriction of particular imports was requested by Mexican manufacturers.

The prior import permit requirement was used not only to protect existing industry, but also to promote the establishment of new industries and to influence the location of plants in particular regions of Mexico. Moreover, import controls were employed to increase the use of Mexican raw materials and parts in local manufacturing. One indication of the success of this industrial promotion is that in the period of Sept. 1967 to Aug. 1968 alone, Mexico began to produce 71 highly technical items, including diesel motors, disc brakes, solenoids, color TV picture tubes and silicon transistors.

According to Garcia Reynoso this rapid rate of industrialization was achieved at a real cost to other sectors of the economy and to the consumer. There is today an internal disequilibrium in the Mexican economy, among other reasons, because of the inefficiency of a great part of Mexican industry. Accordingly, the Mexican Government is seriously considering reducing the protection of local manufacturers who cannot produce an item for less than twice the world price and who have enjoyed protection for 10 years or more.

Furthermore, preferential treatment in the granting of new import controls is now being accorded to industries that are able to offer their production for sale on the internal market at no more than 25% in excess of the world market price and to those which will need protection for no longer than five years.

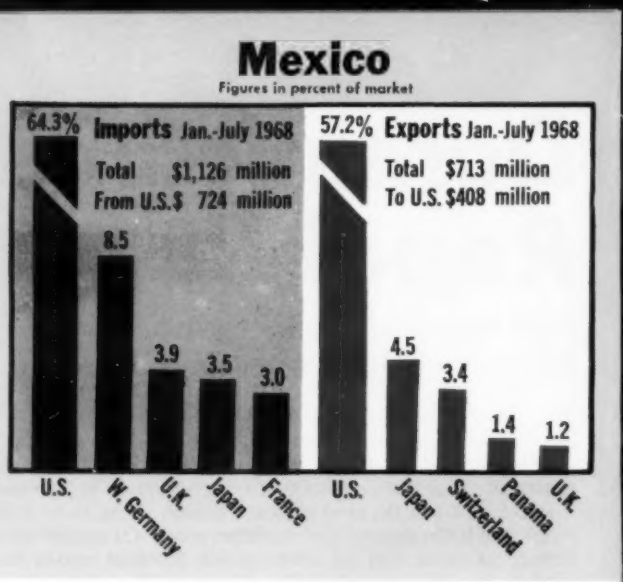
CHIEF MEXICAN IMPORTS FROM U.S.: industrial machinery (including power-generating) and parts, road vehicles and parts, organic chemicals, aircraft and parts, natural gas. **CHIEF MEXICAN EXPORTS TO U.S.:** sugar, fish and shellfish, vegetables, coffee, petroleum and petroleum products, live animals and sulfur.

Mexico-U.S. cooperation

Continuing cooperation in connection with problems affecting mutual trade was clearly evidenced during the fourth annual Mexico-United States Joint Trade Committee meeting on Dec. 9-10. A number of important issues were discussed in a frank and friendly atmosphere.

The U.S. delegation raised the question of whether Mexico was actually raising trade barriers to imports from third countries such as the United States in the name of expanding intra-LAFTA trade. The Mexican delegation replied that nothing had been done other than that called for in the Montevideo Treaty.

The U.S. delegation noted with satisfaction the announced intention of the Mexican Government to increase the competitiveness of national industries in part by reducing tariffs and import controls on goods the local production of which is demonstrably inefficient.



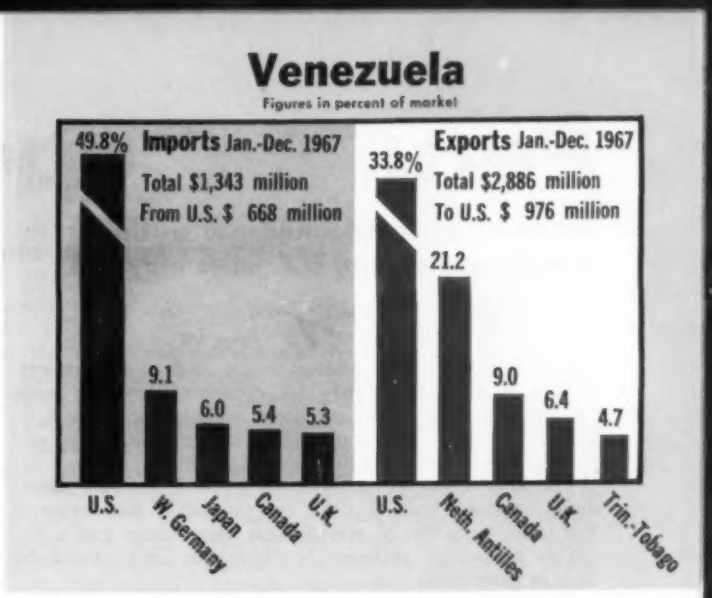
Venezuela

Fairly rapid economic growth foreseen; U.S. market share levels at about 50%

By DAVID McCRACKEN
American Republics Division, BIC

Venezuelan imports are expected to rise approximately 2% in 1969, on top of a 9% rise in 1968. Exports will probably rise approximately 1%, slightly less than 1968's 1.3%.

The major factors accounting for the strength of the Venezuelan import market are an increased flow of investment, a strong exchange position, continued economic growth and renewed confidence in the political stability of the country. It is not expected, however, that imports will be able to maintain the high level of 1968. Given the more modest increases in export earnings, it is more likely that imports will rise at a rate of 2%.



The increased flow of investment should occur in 1969 because of several large projects ready to begin, and it may be accentuated if the petroleum service contracts, which are to replace the concession system, are negotiated promptly.

Venezuela, with $876 in international exchange reserves at the end of 1968, should continue to have no balance of payments problem, although further import substitution will impose some limitation on import growth.

In current prices the 1967 Gross National Product was about $8.5 billion, or about 7.2% higher than in 1966. The 1968 increase in GNP should be about 5%, and the 1969 increase will probably be greater. Price levels have been relatively stable in recent years. The wholesale price index increased a total of only 2.8% over the three years from March 1965 to March 1968.

Business confidence high

Business confidence has been high, although there was some tendency to postpone major decisions until after the election. Confidence should increase further now that the presidential elections are over and a peaceful transition of government is expected to take place in March, with Rafael Caldera the new President.

Business continues to be concerned, however, over possible dangers involved in economic integration under LAFTA and under the sub-regional Andean Common Market which is now being formed. There is also some concern that the Government's minimum standards for granting petroleum service contracts may be too harsh to permit prompt negotiation of the contracts and would not allow competitive pricing of Venezuela's petroleum exports.

The market for imports in terms of groupings such as capital goods, raw materials, and foods and other consumer goods, appears to have become rather stable, with the groupings maintaining about the same proportion of the growing import market. Shifts within the groupings appear to be balancing out.

Some of the more significant products which should experience good growth in the near future are heating and cooling machinery, mechanical handling equipment and inorganic chemicals. A number of consumer goods are likely to do well, although they are not very significant individually: watches, photographic equipment and luxury foods, to name a few.

Imports from the United States will increase about 6.3% in 1968, but the U.S. market share will continue to fall, to about 48.3%.

The most important U.S. export to Venezuela, road motor vehicles, parts and accessories, experienced a substantial increase in 1968, the first full year of economic expansion since 1965. The coming year should see only a small gain, however, with increasing local content requirements being felt more strongly as the 1968 surge wears off.

Wheat, the second most important U.S. export to Venezuela, ought to continue its 1968 loss of sales to domestic feed grain through 1969, but a floor should be reached by around 1970 from which further growth should occur.

Pumps and compressors appear to be registering sizable gains in 1968, and could continue to do so in 1969, but local production will soon cut into this market.

Total Venezuelan exports, normally composed of approximately 93% petroleum and its products, 5% iron ore, and 2% other products, should change little in composition. The U.S. share should remain at about 33-34% of Venezuelan exports. An early completion of the petroleum desulphurization plants under construction or extremely cold weather in the Northern Hemisphere in the winter months of 1969 could significantly increase Venezuela's petroleum exports.

With the national elections in both Venezuela and the United States out of the way, further progress toward renegotiation of the bilateral trade agreement may occur.

The U.S. Department of Commerce is planning several market development efforts in Venezuela during 1969, such as trade missions and market studies. There will probably be four or five industry-organized, government-approved trade missions, beginning with one from Miami in February.

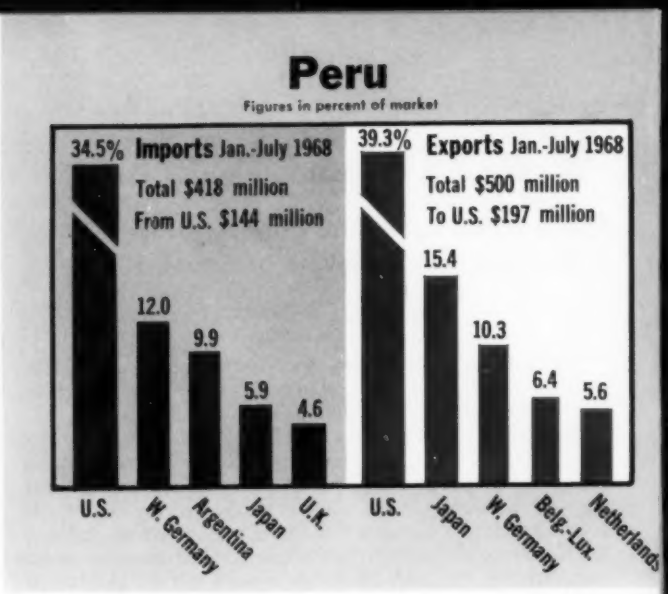
A number of very large investment projects will probably be begun in 1969 or shortly thereafter. These include several petrochemical plants, a steel plant flat products addition, an expansion of Caracas' Maiquetia Airport, and construction of the Caracas subway. Other large projects are to be completed in 1969 or early 1970, including the petroleum desulphurization plants previously mentioned, and various petrochemicals plants.

CHIEF VENEZUELAN IMPORTS FROM U.S.: road motor vehicles and parts, wheat, pumps and compressors, construction and mining machinery, heating and cooling machinery and equipment, iron and steel, mechanical handling machinery. **CHIEF VENEZUELAN EXPORTS TO THE U.S.:** petroleum and products, iron ore, coffee, cacao, diamonds, cement, shrimp.

Peru

Return of business confidence crucial to economic upturn; U.S. sales may rise

By BRUCE SEVER
American Republics Division, BIC



A limited recovery is forecast in the level of U.S. exports to Peru by the end of 1969. U.S. exports to Peru may reach $235 million in 1969, as compared with an estimated $200 million in 1968. U.S. exports to Peru in 1969 will still be well below the peak level of $309 million in 1966.

The devaluation of the Peruvian sol and increased import duties on many items in 1967, and the import prohibition of 300 trade categories of non-essential commodities and a surcharge on foreign exchange certificates in 1968 caused the drop in trade levels.

The 1969 rise in U.S. exports will stem in part from the reduction in the large inventories accumulated in previous years. Increased local production, especially of commodities on the list of prohibited imports, may push up imports of certain raw materials and machinery for specialized industrial sectors.

U.S. sales of consumer goods to Peru are likely to be at a low level in the short term, and perhaps for longer, if local industries are installed to manufacture commodities now on the list of prohibited imports.

Export industries strong

Peru's export industries show considerable strength, having realized 14.5% greater export earnings during the first half of 1968 than during the same period in 1967. Increased world prices, rather than increased volume of exports, account for most of the gains. Principal gains were in sales of copper and silver.

However, Peru's construction industry has been hard hit by a cut-back in public works projects which, in the first half of 1968, were at one-fourth their level during the like period of 1966. Other sectors of the Peruvian economy are feeling the effects of reduced consumer demand resulting from tight credit and reduced purchasing power. Gross national product per capita did not increase in 1968, and it is not anticipated to increase in 1969.

The Government is hopeful that the gradual return of confidence, increased foreign investment, particularly in the mining field, and later, increased exports resulting from the investment will restore Peru's foreign exchange to a more satisfactory figure and allow the economic growth to rise above the 3% rate of population growth.

Obstacles to a return of confidence exist. The present government nullified a settlement between the International Petroleum Co. (IPC) and the previous Belaunde Government. The agreement had canceled IPC debts owed to the government and ceded the La Brea Y Parinas oil fields to the government. The present government has expropriated these fields, the Talara petroleum refinery, and other facilities belonging to IPC.

A recent decree requires mining companies and other firms which obtain special benefits under development laws to place their construction contracts with Peruvian construction firms. The government has recently announced economic development plans which call for larger Peruvian benefits from mining investments, increased return to Peru by processing local production of lead, zinc, copper and cotton, as well as national control of credit sources and a maximum use of national inputs in locally-produced commodities.

Slow upturn for imports

Toward the end of 1969, Peruvian imports may recover somewhat from the low level of $670 million estimated in 1968 if some measure of business confidence returns. In 1968, the sharp fall in the level of imports from $819 million in 1967 was most notable in imports of mechanical machinery and equipment, automobiles, trucks, tractors and certain other land vehicles.

Peruvian imports from the United States represented 38% of total imports for Jan.-Sept. 1968, compared with 36.7% for entire year 1967.

Most promising

The most promising categories of U.S. commodities for export to Peru may be those which showed gains during the first ten months in 1968 compared with the same period in 1967, such as certain grains, flours and prepared cereals, some vegetables, margarine and other edible fats, rubber, pulps and waste papers, man-made fibers, miscellaneous animal oils and fats, organic chemicals, fertilizers, synthetic resins and plastic materials, iron and steel castings and forgings, certain wire products, and aircraft and parts.

U.S. exporters may find additional opportunities for sales in Peru resulting from recent actions by the Peruvian Government—for instance, removal of an import ban on certain edible fats, fish, meat and vegetables because of a food shortage in some of Peru's jungle areas.

The recovery in the level of U.S. and other exports to Peru will be held in check by the level of Peru's foreign exchange availability, which has been extremely limited but growing slowly. By the end of August total reserves had reached the level of about $89 million, aided by $42.5 million stand-by credit from the International Monetary Fund and by a favorable trade balance which was $101 million during the first six months of 1968.

On the other hand, a 10% surcharge on the value of foreign exchange certificates purchased has been in effect since June, and was recently extended indefinitely.

CHIEF PERUVIAN IMPORTS FROM THE U.S.: machinery, motor vehicles and parts, chemicals, wheat, crude materials (including wood products), iron and steel, and rice. CHIEF PERUVIAN EXPORTS TO THE U.S.: copper, sugar, fishmeal, iron ore and concentrates, lead, zinc, miscellaneous nonferrous ores.

Western Europe

U.S. exports to area to rise about 7.5%, with gains in all major markets

By J. ROBERT WILSON
European Division, BIC

Final trade returns for 1968 are expected to show an increase of about 7.5% in U.S. exports to Western Europe. Current indications suggest that in 1969 European consumption and investment will continue to expand and to require growing imports. Thus, barring major changes in the climate for foreign trade, 1969 should bring an increase in U.S. exports to Western Europe comparable to last year's.

The prospect is not only for an overall increase but for increases in exports to each European country included in the following survey.

The Organization for Economic Cooperation and Development, in its semiannual *Economic Outlook* published last month, forecast a growth of 4½% in real gross domestic product for OECD Europe in 1969. Except for France and the United Kingdom, where demand-dampening policies were imposed in November, the OECD considers that "in almost all other countries the outlook is for a satisfactory return of expansion."

Last year's monetary crises cast a shadow over this year's prospects in a number of respects. It will be some time before confidence in sterling and the franc will be fully restored, and calls for a revaluation of the mark will continue to be heard. French and British policies will be designed to curb excessive import growth for most if not all of 1969.

Capital goods unhurt

However, since both these countries hope to promote their exports, imports of capital goods should be relatively unaffected. For this and other reasons related to the composition of U.S. exports, it is quite possible that U.S. exports to both of these countries will continue to expand.

Moreover, the Kennedy Round tariff reductions that went into effect in July will continue to stimulate U.S. exports, especially to France (which, along with most other European nations, is expected to implement its next installment of Kennedy Round cuts in January 1970).

On the whole, the restrictive French and British measures are expected to exert some depressive effects on U.S. exports, both to these two countries and to third countries whose trade with them may suffer.

The United Kingdom, the largest single U.S. market in Western Europe, continues to be faced with the difficult task of improving its balance of payments. Current British policy is aimed at converting a payments deficit, estimated at $1.5 billion for 1968, into a surplus this year. The GNP, which increased about 2% to approximately $99 billion in 1968, is expected to grow by about 2½% in 1969. The OECD has estimated the 1969 rise of British exports of goods and services at 7%.

Moving to the sunny side of the street, the most promising policy development is the recent German fiscal action to reduce the huge German trade surplus. German exports of manufactured goods will be disadvantaged by a 4% tax while imports will enjoy a 4% tax rebate. The effect on merchandise trade is similar to a revaluation of the German mark, and should boost American exports not only to Germany but to those third countries where there is intense price competition between German and American goods.

The economy of the Federal Republic of Germany, second largest market for the United States in Western Europe, has been growing rapidly. Its growth rate in 1968 may have reached 6.5%. A slower rate of growth is anticipated for 1969, particularly in the second half, when investment in capital equipment is expected to slow down appreciably. Despite this expected slowdown and the effect of the recent fiscal measures affecting trade, it is generally expected that Germany will again have a substantial surplus of exports over imports and in the current account of its balance of payments.

The extent of price inflation in 1969 is bound to affect the success of many policy measures of the various governments. Although German price rises were practically insignificant in 1968, coming wage settlements may generate some inflation of the cost-push variety.

British price rises have diminished the benefits of the November 1967 devaluation, especially for exports of machinery and transport equipment and certain other categories of manufactured products.

The extent to which the French succeed in checking export price rises in the face of the substantial wage increases will be a key to the French trade performance.

Needless to say, the U.S. share of Western European markets can be maintained only if American exports are able to meet this intensive price competition.

Policies of the Common Market are liable to influence the level of U.S. exports. Generally speaking, EEC trade policies have been liberal, especially in regard to manufactured goods, and it is notable that France implemented its Kennedy Round commitments last July despite the strains following the student and worker disturbances.

Expansion question persists

The EEC members may be expected to continue their search for agreement on the controversial subject of the "enlargement of the Community." The British, Danish, Norwegian, and Irish requests for membership and a less specific request from the Swedish Government remain on the agenda of the Council of Ministers.

Nearly 60% of U.S. exports to Western Europe go to the Six. In turn, one-fifth of these exports consist of agricultural products and about 80% of these exports—valued at over a billion dollars—are subject to the EEC's common agricultural policy. The prediction that total exports to Western Europe in 1969 will again increase rests heavily on the assumption that there will be no significant increase in the restrictions on EEC agricultural imports. Far-reaching proposals for the structural reform of EEC agriculture were recently made by the Commission.

The level of U.S. exports to Western Europe will also depend heavily on sales of the aircraft industry. These sales, including jet engines, approximate $1 billion. With one jet aircraft valued at tens of millions of dollars, the timing of deliveries greatly influences the annual country trade returns, particularly in the case of the smaller countries. Deliveries of the new jumbo jet airliners, the Boeing 747, and airbus-type aircraft, the Douglas DC-10 and the Lockheed 1011, will not take place until the early 1970's.

Renewed efforts will be made in 1969 to promote U.S. exports to the important Western Europe market. The four U.S. Trade Centers—in London, Frankfurt, Stockholm and Milan—offer many services and extensive facilities to both prospective and existing exporters.

Austria

Consumer goods trade is particularly promising; business confidence is high

By PATRICK T. O'CONNOR
European Division, BIC

The 1969 trade outlook for Austria is quite promising, particularly for consumer goods. If the long awaited turnabout in investment finally takes place, the market for capital goods may also improve considerably over 1967 and 1968 levels.

During 1968 Austria made a rapid recovery from the economic letdown suffered in 1967. Second quarter industrial production levels actually peaked over the highest levels achieved in both 1966 and 1967. An overall increase of 6% was registered from January to June and a 10% rise in July and August. Substantial gains were also scored by exports, tourism and agriculture. The economy maintained its momentum through the second half of the year to start 1969 on a high note.

The 1968 Gross National Product was about $11.4 billion (1967: $10.6 billion), an increase of 3.5-4% in real terms and about 7% in current terms. Unlike 1967, non-agricultural growth accounted for the greatest part of the GNP gain in 1968. Further growth is anticipated in 1969 but no estimates are yet available.

Businessmen are generally bullish about 1969. Among the reasons cited for optimism are: the stimulus provided by the new boom in Germany; improvements in earnings due to increased productivity, and stable wage rates coupled with an even price development throughout the economy; and the Government's demonstrated interest in improving the growth, structure and competitiveness of the Austrian economy.

One major weak spot is investment, a persistent problem over the past few years. Despite the lowest bank rate since 1955, new business investment showed a further relative decline in 1968. The Government hopes this trend will finally be reversed in 1969 through the stimulus provided by the high degree of liquidity in the economy, the sharp increase in industrial output, and new measures to promote construction, which is the other major weak spot in the economy.

After a jump of 4% in 1967, prices rose more slowly in 1968 resulting in increases of slightly more than 2.5% on the consumer level and less than 1% on the wholesale level. Price increases remained below wage increases, so total purchasing power remained unaffected through the year. Full employment, new wage demands in union contracts, and a possible reduction of the 45-hour workweek may combine to pressure prices upward in 1969. These pressures, however, may be modified by further increases in industrial productivity.

The Government, as part of its program to improve the structure of the economy, is preparing an ordinance prohibiting price fixing by manufacturers of a large number of durable and non-durable consumer items. If passed, it will introduce the hitherto unknown factor of price competition to a large segment of the Austrian market. It is felt that this proposed reform will enhance the competitive position of imported consumer items.

Trade is brisk

Foreign trade was quite brisk in 1968, with both imports and exports up by about 9%. Through the first three quarters of 1968 imports from the United States increased by 7.6% over the analogous 1967 period; the U.S. market share remained at 3.5%. At the same time Austrian exports to the United States rose by 21%. One estimate puts U.S. exports to Austria for 1968 at about $87 million, while Austrian exports to the United States are estimated at around $93 million. The U.S. export figures do not include the considerable volume of shipments from U.S. manufacturing subsidiaries located in Europe.

Although raw materials and agricultural products form a large part of U.S. exports to Austria, Americans also enjoy excellent sales of many types of finished goods. For example, automobiles, mechanical handling equipment, construction machinery, business machines (including computers), machinery parts, textile machinery, and photographic film are all $1 million plus markets for U.S. exporters.

Sales in excess of $500,000 per year are common to telecommunications equipment, harvesting machinery, piston engines (non-aircraft), heating and cooling equipment, paper mill machinery, sound recorders, motor vehicle parts, and electronic measuring and control equipment.

Total imports of consumer goods increased sharply in 1968, reflecting the rapidly rising affluence of the Austrian consumer. Among the fastest growing U.S. items were: toys, games and sporting goods; clothing; musical instruments; record players and records; tapes and tape recorders; and, electrical household equipment (other than home entertainment equipment). This consumer trend is expected to continue in 1969. A campaign to promote further sales of American consumer goods has been initiated by the U.S. Embassy in Vienna.

On Jan. 1 Austria effected the second step of its Kennedy Round cuts, reducing tariffs on a great number of products of interest to American exporters. One month earlier Austria put the second cut into effect for 38 selected commodities. The remaining three cuts will take place over the next three years. These cuts will make imported goods increasingly attractive to Austrian buyers. It is hoped that many U.S. exporters who have tended to overlook Austria in the past will now give this market the attention it deserves.

CHIEF AUSTRIAN IMPORTS FROM THE U.S.: nonelectric machinery and equipment, basic chemicals, feeds, nonferrous metal ores, textiles, plastic materials and artificial resins, and natural fertilizer. **CHIEF AUSTRIAN EXPORTS TO THE U.S.:** nonelectric machinery and equipment, wearing apparel, glassware, electric machinery and equipment, road-bound vehicles, steel bars and profiles, and textiles.

Belgium

All signs point to impressive foreign trade gains; commerce with U.S. spurts

By ROBERT WALKER
European Division, BIC

Belgium-Luxembourg's foreign trade in 1969 should continue to score impressive gains, although probably at a somewhat slower rate than in 1968.

Favorable factors which should contribute to this outlook include: generally better conditions in the economies of Belgium's trading partners, especially the EEC; rising domestic production levels; well-filled order books; strong foreign demand; growing private consumption in Belgium; a trend toward rising private investment; and a reserve of labor and production capacity.

The rise in gross national product for 1968 in real prices, originally estimated at 3%, is now seen at 3.5-3.7%. Taking into account an estimated price increase of 3.3%, GNP for 1968 in current prices should approximate $20.9 billion. Estimates for the 1969 budget were based on a further growth in GNP of 4.1% in real prices and a price rise of 3.3%. On this basis, the 1969 GNP in current prices should reach about $22.5 billion.

Following a long-established pattern, wholesale prices continued more stable than retail prices. In the 12-month period ending in August the index fluctuated within a very small range, advancing only 0.6% over August 1967. Whereas the index for raw materials remained almost unchanged and that for finished products increased only slightly, 0.7%, the semi-finished goods index rose the most, 1.6%.

Prices climb steadily

Retail prices climbed steadily in 1967 and 1968. The index of consumption prices in September was 2.4% above September 1967. While the 60 food items and the 48 nonfood items moved upward only 1.6% and 1.5%, respectively, the 39 services included in the index rose 4.5% and provided the main stimulus for the increase in the general index. Between October 1967 and July 1968, the rising consumer index twice triggered wage increases of 2%.

Provisional data for nine months of 1968 show a strong recovery in Belgium-Luxembourg Economic Union (BLEU) trade. Total imports for this period were valued at $5,986 million, 15.5% above the comparable 1967 months. Exports totaled $5,901 million, up 16.1% over Jan.-Sept. 1967.

The primary reason for the revival of BLEU foreign trade may be found in the overall economic advances made during the year by BLEU's trading partners, especially in the EEC. Certain other factors also contributed. For example, BLEU shipments to the United States in the early part of the year were strongly affected by the copper strike and the threat of a steel strike. A boom in private consumption and in purchasing for restocking stimulated trade with the United Kingdom.

Diversified trading partners

The drive toward diversification of BLEU's trading partners continues and an increasing volume of trade is foreseen with Japan and Eastern Europe, as well as with the Congo (Kinshasa) now that relations between the two nations have been regularized.

Trade with the United States spurted strongly ahead, outdistancing the large percentage gains made by total trade. Imports from the United States for the first nine months of 1968 climbed 18.4% over the comparable 1967 period to total $503 million. Exports to the United States rose even more steeply, by 23.7%, reaching a total of $584 million.

As a result of the vigorous expansion of trade with the United States, the U.S. share of the BLEU market was increased to 8.4% for Jan.-Sept., compared with 8.2% in the same 1967 period. In recent years the market share declined steadily from 9.9% in 1962 to 7.9% in 1966. If the present trend continues throughout 1968, the U.S. market share this year could reach or exceed the 8.5% attained in 1965.

As with imports, the United States also accounted for a larger share of BLEU exports, 9.9% against 9.3% in the first nine months of 1967.

On July 1 the EEC's customs union became effective on industrial products. All such goods may now move duty-free from one member country to another, whereas imports into all EEC countries from non-EEC countries are subject to the EEC Common External Tariff (CXT) rates.

CHIEF BLEU IMPORTS FROM THE U.S.: non-electrical machinery, chemicals and products, diamonds, copper scrap, grains, aircraft, and food preparations. CHIEF BLEU EXPORTS TO THE U.S.: iron and steel mill products, diamonds, raw copper, textiles and products, automotive vehicles, non-electrical machinery, and glass and products.

Kennedy Round cuts

The implementation of the first two of five stages of the Kennedy Round tariff reductions also took place on July 1. The remaining three stages are scheduled to be implemented in three equal installments on January 1, 1970, 1971, and 1972. As a result of the Dillon and Kennedy Round tariff negotiations, the CXT will be about half of what it would otherwise have been, once the Kennedy Round cuts are fully implemented.

Among the items with good sales prospects are: plastics, plastics machinery, computers, computerized machinery, advanced electronic items, anti-pollution equipment for air and water, municipal equipment for the upkeep of urban areas, and sophisticated machine tools.

The United States will stage a major promotion of specialized machinery, production equipment and supplies for the plastics industry at EUROPLASTICA '69 to be held in Brussels, Mar. 22-30.

Denmark

Danish industry needs top industrial machinery to remain competitive

By HAROLD McNITT
European Division, BIC

The new year will not bring any marked change in the level of U.S. exports to Denmark, according to present indications.

Danish import demand is relatively weak because of a general slowdown in economic activity. Danish farm exports —still vital to the economy—are depressed. Tax increases enacted to curb inflation last year have dampened aggregate demand. A bright spot is the rapid growth of Denmark's industrial exports last year.

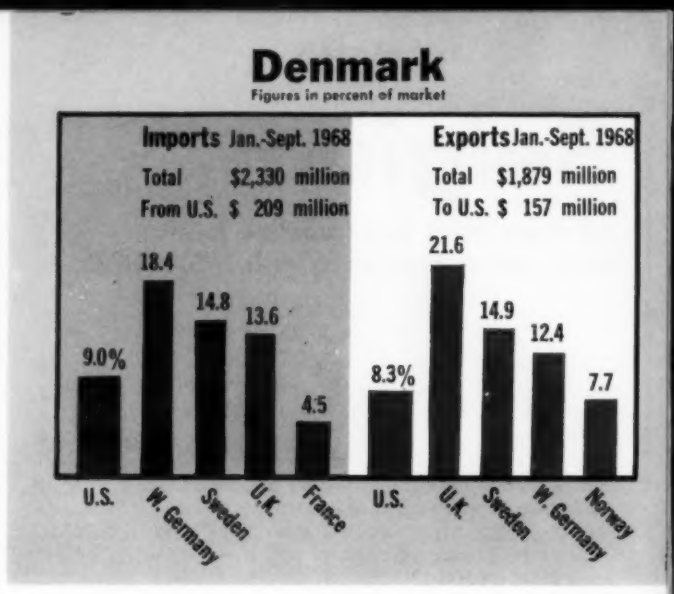
Denmark's gross national product (GNP) totaled approximately $12 billion in 1968. This represented no change, in fixed prices, from the 1967 level. Real per capita GNP declined by an estimated 0.7%. A gradual increase in economic activity is expected this year, but the extent of growth is uncertain. Continued expansion of Danish industrial exports will be an important factor.

Danish business is generally cautious despite several government monetary measures to quicken the economy and to stimulate domestic investment. The Central Bank's rediscount rate (now 6%) is the lowest in six years. Business investment has not yet responded to these stimuli. Last year's big tax increases, averaging about 20% for both indirect and income taxes, are still dampening investment activity. Mandatory price and profit controls adopted to prevent inflationary price increases when the Danish crown was devalued in late 1967, also appear to be inhibiting new investment.

The Government's measures to restrain inflation are considered vital to keep Danish export prices competitive on world markets. The measures have been at least partially successful. Consumer prices were about 5% higher in September 1968 than in the previous September, and the monthly rate of increase appears to be getting smaller. Wages continued to rise at an 8-9% annual rate last year, but a much smaller increase is expected in 1969.

U.S. sales level off

Denmark's imports during the first three quarters of 1968 totaled $2.3 billion. This represented no change, in terms of dollars, from Danish imports during the corresponding 1967 period. Danish purchases from the United States during Jan.-Sept. 1968 reached $209 million, a 3% increase over the previous year. The U.S. share of the Danish market increased from 8.7% (1967) to 9%, one of the highest levels in several years.



The increase in U.S. sales to Denmark last year was not across-the-board. During the review period Danish imports of technically advanced U.S. equipment continued to soar. Instruments sales were 20% higher than in 1967, and transport equipment (chiefly commercial aircraft), almost 60% higher. Plastic raw materials, basic chemicals, and petroleum products advanced briskly.

However, U.S. sales of nonelectric machinery—always the largest group of U.S. exports to Denmark—actually declined by 4%. This decrease, though relatively small, was significant because it reflected the current loss of impetus in capital expenditures. U.S. farm commodities, except tobacco, also fared poorly during the period. Grain shipments plummeted by nearly 40% and soybean seeds by almost 20%. The downtrend in these bulk commodities, particularly grain, will probably continue through 1969.

Danish exports to the United States staged a smart comeback last year after lagging in 1967. Sales of processed ham, largest Danish export to this country, were up 28%.

The rise in demand for advanced U.S. equipment will continue. Danish industries, confronted with steadily rising costs, will require technically superior machinery to remain competitive. Industrial enterprises are very diverse and often of relatively small scale. Among the significant branches are the engineering, electronics, chemicals, food processing, shipbuilding, plastics, pharmaceuticals, and paper conversion industries.

CHIEF DANISH IMPORTS FROM U.S.: nonelectric machinery, aircraft, oilseeds, chemicals, tobacco, electrical machinery, grains. **CHIEF DANISH EXPORTS TO U.S.** processed ham, machinery, mink furskins, chemical products, furniture, cheese, fish.

The leading Danish industries are increasingly involved in research and development. Scientific and laboratory equipment, already one of the fastest growing U.S. exports to Denmark, will be in increasing demand. Other products having particularly good sales prospects are materials handling equipment, medical and hospital equipment, electrical machinery, data processing and peripheral equipment, fine chemicals for the Danish paint industry, tools, and synthetic yarns.

Payments balance problems

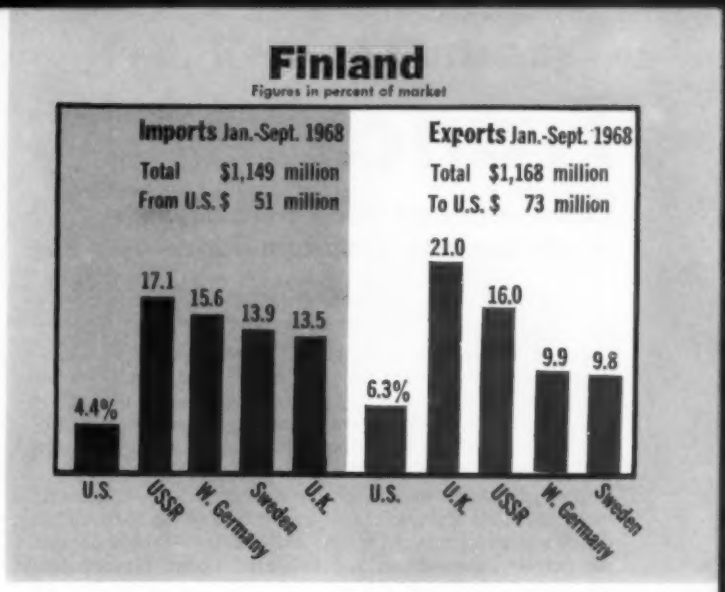
The balance of payments situation in Denmark remains difficult despite a brief temporary advantage given to Danish exports by the 1967 devaluation. During Jan.-Sept. 1968 Denmark's imports exceeded its exports by $451 million. The decline in agricultural product sales to Germany is a particularly serious problem. The Common Market's protectionist agricultural policies have reduced Danish access to the traditionally important German market. While Denmark has applied for membership in the European Economic Community, it is not expected to enter the Community until the United Kingdom does so.

Danish authorities agree that the most important long-term factor to improve the balance of trade must be an expansion of industrial exports. Last year, such exports were increasing at a 15-20% annual rate. Denmark is already a predominantly industrial country and has a good base for further growth and diversification.

Finland

Economy recovers from 2-year slowdown; investments planned in plant, equipment

By HAROLD McNITT
European Division, BIC



Economic developments in Finland this year should create significant opportunities for U.S. exporters. A marked improvement in sales is anticipated.

The Finnish economy is rapidly recovering strength after a two-year slowdown. Chief cause for the rebound is a major increase in Finland's export trade. The large Finnish devaluation in late 1967 improved the competitive position of Finnish exports and reduced imports. The gains of the devaluation have been protected by a strong price and wage stabilization program with support from all major interest groups.

Finland's balance of trade has moved into the plus column for the first time in this decade. The inflow of export earnings has eased Finland's exceptionally tight money market. With credit easier to obtain, several industries plan to invest in plant and equipment.

Finland's gross national product (GNP) increased by only 2% last year, according to preliminary estimates. This would bring the 1968 GNP to almost $8 billion (converted at the post-devaluation exchange rate). Finnish economists predict that this year the GNP may surge ahead by as much as 6% at constant prices.

Finnish business confidence is heightened by the improved outlook. Several large-scale projects, private and public, are on the boards or underway. Government economists predict a 13% increase in total gross domestic investment with the biggest rise—18%—in the private sector. Investment in plant and equipment may go up by as much as 25%.

Consumption expenditures will be much less buoyant. The Government's wage and price stabilization program is restraining consumption demand effectively. Total consumption (public and private) increased by 2% last year and is expected to rise by about 3% in 1969.

The program has been quite successful in restraining inflation in view of the price pressures associated with the 1967 devaluation. During 1968, the cost-of-living index increased by about 6.4%. This year, the index is expected to rise by about 2%. Both prices and wages are controlled by a Wage and Price Council.

U.S. sales drop

Finnish imports from the United States during Jan.-Sept. 1968 were valued at $51 million. This was a full 20% lower than the corresponding 1967 figure. The U.S. share of Finnish imports shrank from 5.1% (1967) to 4.4%.

The downtrend in U.S. sales, which started in 1966, may be attributed to several factors. The 31.25% devaluation in 1967 dampened all Finish imports last year (total imports for the first three quarters were 8% below the previous year). The drop in Finnish investment outlays during 1966-68 had a particularly harsh impact on U.S. sales since capital equipment is the largest category. In 1968, Finnish imports of U.S. nonelectric machinery were running one-third lower than in 1967.

There has been a rapid increase in shipments to Finland by U.S. subsidiaries and licensees in Western Europe. These U.S.-brand products do not appear in the direct U.S.-Finnish trade data.

The anticipated large increase in capital expenditures this year should boost demand for advanced U.S. equipment. Among the Finnish industries which will need new machinery are forest products, engineering, metals, clothing and textiles, mineral processing, chemicals, and plastics.

The underlying strength of the Finnish market for advanced U.S. equipment was demonstrated by the U.S. Exhibition at the Helsinki International Trade Fair last September. The U.S. show featured office equipment, machine tools, marking and microfilming systems, and printing and labeling equipment. Off-the-floor sales were estimated at $55,000; sales expected to develop during the next year were projected at $500,000. The show was visited by an estimated 270,000.

CHIEF FINNISH IMPORTS FROM U.S.: nonelectric machinery, transport equipment, electrical machinery, fruits and vegetables, plastics, tobacco and products, instruments. **CHIEF FINNISH EXPORTS TO U.S.:** newsprint, other paper and paper products, plywood and board, hides and skins, pulp, dairy products, iron and steel.

Many new developments

The recent recovery of Finnish economic activity is accompanied by several new developments in the private and public sectors.

Late this year the Swedish firm SAAB and the Finnish company Valmet Oy plan to start assembling passenger cars in Finland—the first Finnish automobile plant (INTERNATIONAL COMMERCE, Aug. 5, 1968). This venture illustrates the rapid growth of industrial cooperation between firms in the four Nordic countries. Mergers, joint ventures and subcontracting arrangements between Nordic firms are multiplying. The four Nordic governments, acting through the Nordic Council, have facilitated this growth by creating a common Nordic labor market, uniform commercial rules, and integrated social welfare benefits.

Finland will become a full member of the Organization for Economic Cooperation and Development early this year. Parliament on Dec. 16 endorsed Finland's accession to the organization and ratification by the Finnish president was expected to follow.

The Finnish Government has requested $3.5 million in its 1969 budget to start work on Finland's first petrochemical plant. When completed, this facility will provide the basis for a domestic plastic materials industry. Plastics are increasingly important to Finland's key forest products industries.

France

Extent of foreign trade gains depends on effectiveness of austerity drive

By ALEXANDER DAUMAN
European Division, BIC

French imports from the United States in 1969 should increase above their estimated 1968 record level of $1.3 billion. The extent of the increase, however, will largely depend on the effectiveness of the recent French austerity program. The latter is expected to moderate the growth of French imports and to boost the expansion of exports.

The program, which includes a number of deflationary measures—restraints on credit, a reduction of the 1969 budget deficit and an increase in the value-added tax—should dampen the current consumption and industrial boom. Nevertheless, the real economic growth rate for 1969 is estimated at a hefty 5%.

French businessmen are generally optimistic about the short-term business outlook. Monthly polls of business opinion conducted in November by the French Statistical Institute (INSEE) and other sources indicate that industrial production has risen at an exceptionally high rate since September. Both the consumer and the capital goods sectors report that their well-filled order books insure several months of intensive production. Many plants are already working at full capacity. Stocks are generally low. Employment is increasing and skilled labor is in short supply. A December poll by INSEE of a large segment of French industry led to a prediction that private outlays on plant and equipment in 1969 may rise as much as 14% over 1968.

Basically healthy

While this optimism must be viewed with a certain amount of caution, it is apparent that the French economy is basically healthy. If peace prevails on the labor front and inflation is contained within reasonable limits, the unbalancing effects of the May-June general strike and of the November wave of speculation against the franc should be largely eliminated within a year.

In order to contain price increases, the Government has tightened the existing system of price controls. French businessmen have been specifically instructed to reflect in their domestic prices the saving from the removal on Dec. 1 of a tax on wages, but their prices will naturally reflect the simultaneously decreed increase in the value-added tax. This increase is 3.5% for most industrial products, whereas the saving from the wage tax is generally estimated at 1%-1½%.

Since export sales are exempted from the value-added tax, French exporters will be able to sell their goods more cheaply in foreign markets. On the other hand, the tax burden borne by both imported and domestic goods consumed in France will increase slightly, but the increase will be more pronounced in the case of imports.

While the impact of tax modifications on the competitive position of U.S. goods sold in France will vary in individual cases, it does not appear substantial enough to offset entirely the July 1 reductions in French tariffs. The unweighted arithmetic average of French tariffs on manufactured goods fell from 14.4% to 10.7%, as a result of the Kennedy Round and the alignment of French tariffs with the Common External Tariff of the EEC.

Although the Government imposed stringent exchange controls on Nov. 25 in order to stem the outflow of capital, the transfer of earnings from investment in France and of payments for merchandise and services can be effected without restrictions. However, French importers are not permitted to purchase forward foreign currency except for certain basic commodities, including coal and cotton. All other forward cover purchased before Nov. 25 had to be cancelled by Dec. 12. The latter requirement is expected to result in a significant reflow of foreign currency.

U.S. sales to France increased moderately in 1968, largely due to massive deliveries of jet aircraft and engines which offset losses in many categories of U.S. capital equipment, such as electrical machinery and measuring instruments. The losses reflect a slowdown in French private outlays on plant and equipment to only 1%-2% above 1967.

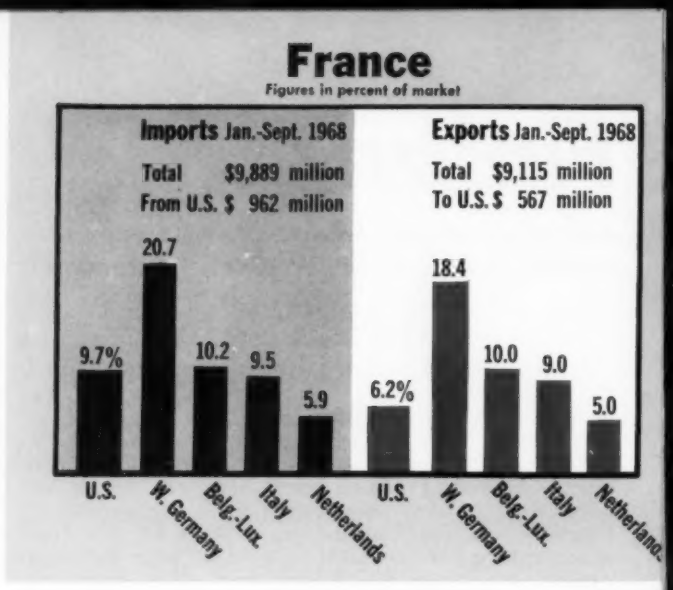
French imports from the United States in Jan.-Sept. of $962 million, were up 1.2% over the comparable period of 1967. Total French imports of $9.9 billion increased by 8.3%, and the U.S. share of the French import market declined from 10.3% to 9.7%. In October imports from the United States rose by $119 million, a surge of 15.4% over October 1967.

Labor-savers wanted

U.S. exports of industrial supplies and equipment to the French market should increase substantially in 1969. However, exports of aircraft will probably decline after an exceptionally high level of deliveries in 1968. The large wage raises granted in the settlement of the general strike should be a major source of motivation for an effort by French businessmen to invest in labor-saving equipment. An additional inducement is the recently promulgated temporary investment tax credit.

Particularly good opportunities seem to exist for exports of U.S. mechanical handling equipment, packaging machinery, printing machinery and scientific, measuring and controlling instruments. Exports of products of the U.S. aerospace industry will be promoted on a major scale through U.S. Government-industry participation in the 1969 Paris International Air Show, May 29-June 8.

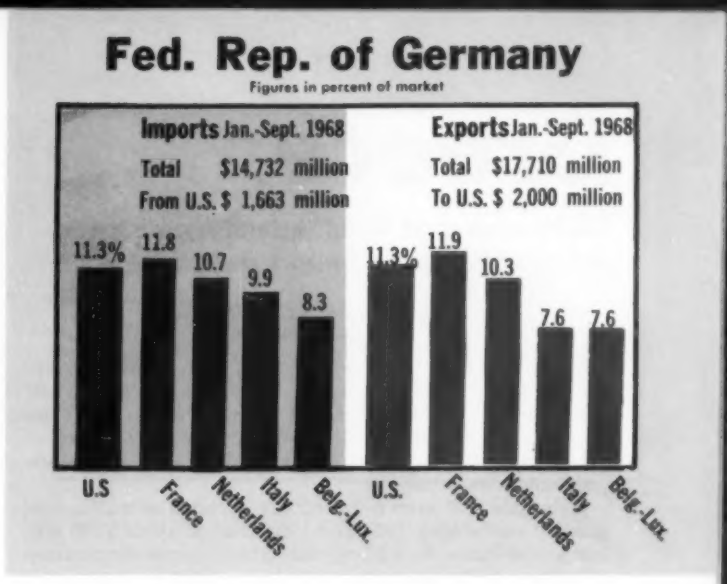
CHIEF U.S. EXPORTS TO FRANCE: machinery, aircraft, feedstuffs, scientific instruments, nonferrous metals, chemicals, grain. **CHIEF U.S. IMPORTS FROM FRANCE:** steel, machinery, alcoholic beverages, artworks and antiques, textiles and clothing, automobiles, nonferrous metals.



Germany

New foreign trade legislation should aid U.S. sales to Germany and third nations

By KARL H. KORANYI
European Division, BIC



All indications point to a continuation, expansion and deepening of the economic recovery through the first part of 1969; later in the year, the economic growth rate may be affected by an increasing shortage of skilled labor and a decrease in the growth rate of industrial productivity.

Foreign trade volume is expected to increase further and, with continued efforts on the part of American exporters, the United States should be able to keep its position as major supplier to Germany and maintain or possibly increase its share of the German market, especially as the growth rate of Germany's productivity decelerates.

After the Government investment programs have successfully started the economic recovery, private investment will constitute the backbone of the increased demand. Recent reports indicate that industry plans to increase its investment in capital goods by almost one-fifth in 1969. In view of the expected higher demand, the trade, transportation and communication sectors are also likely to increase their investment. So are the federal railways and postal services. Even agriculture, after two years of tightening the purse strings, plans a small increase in its investment.

On the other hand, it is doubtful whether investments in the building and construction industries, which are among the main beneficiaries of the Government incentive programs, will increase substantially over the 1968 level.

Target surpassed

The steady progress of the economic recovery resulted in an increase in the growth rate of the Gross National Product in each three-month period and, computed at constant prices for the whole year, 1968 may exceed the 1967 level by 6.5%, greatly surpassing the Government target set at the beginning of 1968. For 1969 the increase of the GNP at constant prices is expected to drop to about 3.5%.

The tight situation in the labor market will result in considerably higher wage increases in the numerous trade union agreements expiring this year than in 1968.

As a result, gross income from wages and salaries is expected to increase in 1969 by 8.5% as against 7% in 1968, while gross income from business and investment activity is likely to remain unchanged after a 15% increase in 1968. Net income of the self-employed is expected to show a substantial increase in spite of the stepped-up Social Security contributions.

Thus, private disposable income as well as private consumption should markedly increase. As the federal deficit is to be reduced by about $1.25 billion in 1969, the public sector's contributions will have a significantly less stimulating, if not dampening, effect on overall demand as compared with 1968.

Consumer prices, which showed a declining tendency until the middle of 1968, reversed the trend thereafter and are expected to continue their rise in 1969. This price development should add another stimulus to U.S. export efforts.

The value of exports of goods and services in 1969 is expected to increase by about 8% as compared with 10% in 1968, while imports are likely to go up by close to 11%, an increase similar to 1968. The lower growth rate for exports is due primarily to an expected weaker demand from the United States. The estimated export surplus in goods and services in 1969 has been put at $3.8 billion, about $250 million less than the surplus expected for 1968.

The recent German legislation providing for a 4% tax on exports of non-agricultural products (2% on many agricultural items) and a 4% import bonus (2% on many agricultural items) will have the effect of a revaluation of the German mark for most foreign trade transactions. This measure should not only benefit American exporters to third markets where price competition is often a major factor, but exports to Germany as well.

GERMANY'S CHIEF IMPORTS FROM THE U.S.: grains, edible fats and oils, chemicals, machinery, aircraft, electrical equipment, and coal. GERMANY'S CHIEF EXPORTS TO THE U.S.: motor vehicles, machinery, rolling mill products, chemicals, electrical equipment, metal products, and optical and precision instruments.

Want U.S. imports

German Government authorities are eager to increase imports from the United States and have repeatedly urged German business firms, trade groups and chambers of commerce to pay special attention to increasing imports. They have invited foreign (including U.S.) bidders to participate to a larger extent in public bids and agreed to grant to all bidders the same treatment as German suppliers receive, irrespective of reciprocal treatment of German firms.

Items which appear to offer good prospects in the immediate future and which have been well received in German markets include advanced or specialized U.S. products such as equipment for the electronics industries, welding and cutting equipment, advanced medical instrumentation, laser equipment, water and air pollution control equipment, gardening equipment, packaging machinery and equipment, advanced metal working machinery, and teaching aids and equipment. The ambitious government programs earmarking substantial funds for the promotion and expansion of scientific research may also offer market possibilities for specialized U.S. manufacturers.

A new type of specialized trade mission dealing with electronic data processing is due to visit Germany in the spring.

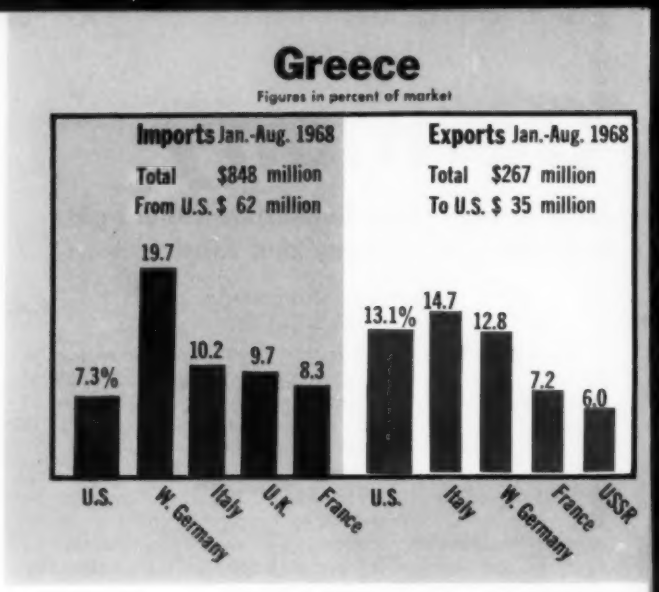
Greece

Slight easing of fiscal, monetary policies stimulates import demand

By WILLIAM CORFITZEN
European Division, BIC

Overall Greek imports are expected to increase by 5% to 6% in 1969. Market prospects for many lines of U.S. goods appear most favorable as the Government of Greece continues to strengthen the nation's infrastructure with programs of village electrification, road construction, new housing starts and water supply projects.

Aggregate U.S. sales to Greece are expected to maintain or possibly exceed their 1967 and 1968 level of about $100 million a year during the coming year. Greek exports are expected to increase by approximately 2% during 1969.



The extent to which imports could increase to satisfy the existing strong Greek demand will depend upon the success of the Government's expansionary policies to fight inflation, and probably upon remedial measures designed to dampen the level of imports.

A slight liberalization of the Government's fiscal and monetary policies early in 1968 has stimulated the demand for imports. Due to a poor harvest this year, Greece will need to import greater quantities of grain to meet consumption needs and to maintain adequate stocks.

The Greek Government has already placed orders for U.S. corn and is expected to purchase large quantities of U.S. wheat during 1969.

The Gross National Product rose by 3.8% in 1967 and about 4% in 1968 to a level of $5,030 million at constant 1958 prices. Although the government has taken several steps to modify the more restrictive monetary policies of 1966, the results are not expected to have great impact on growth in 1969. A slower rate of growth is inevitable if Greece is to avoid inflation while the much needed institutional and structural economic reforms take place.

The military regime initially provided a boost to business confidence by removing the uncertainties of a very confused political scene. At the end of 18 months the present government appears stable and strongly interested in attracting foreign investment, technology and trade in order to hasten economic development. The reforms of the past year appear to promise general long-range benefits.

Lower prices for Common Market and U.K. goods which are resulting from Greek tariff reductions on EEC goods and the devaluation of the British pound will result in keener competition for U.S. products in the Greek market. Britain is one of Greece's major suppliers, and vies with the United States in many fields, particularly chemicals, but also in industrial engines, pumps, compressors, construction equipment and motor vehicles.

U.S. share fluctuates

Overall imports are expected to increase 6% above the 1967 level of $1,134 million. While the United States has suffered a slight reduction in its share of the Greek market, the American share of imports in categories other than foodstuffs actually showed an increase from 8% in the first half of 1967 to 9.2% in the same period of 1968.

The small decrease in the U.S. share can be attributed to a general slowdown of Greek import growth, and to temporarily increasing domestic production of the principal agricultural goods imported from the United States, rather than to any deterioration in the competitive position of U.S. goods.

While imports of capital goods, chemicals, and fertilizers have declined, imports of iron and steel, machinery and transport equipment, miscellaneous manufactured goods, and crude materials have increased correspondingly.

Areas offering particular promise for U.S. suppliers include equipment for new tourist facilities, power and water purification plants, food processing operations, and communications facilities—particularly the proposed establishment of a national television network and a new earth station for satellite communications. The intention of the Greek Government to expand the main and secondary road network and to modernize port and airport facilities offers another potential opportunity for increased exports.

Exhibits scheduled for 1969 include the Tenth Pan-Hellenic Exhibition of shoes, leather goods, and leather-working machinery and accessories in March; The International Shipping Exhibition in June; and the Thessaloniki International Trade Fair in September.

GREECE'S CHIEF IMPORTS FROM THE U.S.: machinery and transport equipment, corn, telecommunications equipment, power generating machinery, dressed furs, clothing and road motor vehicles. GREECE'S CHIEF EXPORTS TO U.S.: tobacco, aluminum, vegetables, crude minerals, nonferrous ores, alcoholic beverages, and textiles.

Larger tariff cuts

Greece participated in the Kennedy Round as an associate of the Common Market. As a result, U.S. exporters will in the long run benefit from larger cuts in Greek import duties during the process of harmonizing them with the Common Market's Common External Tariff.

Greece's balance of payments deficit in 1968 is thought to have increased beyond the $709 million level of 1967. During 1968 a disappointing decrease in tourism and a 40% decline in official grants and bank loans was partly compensated by the continued growth in shipping earnings. Including Greek-owned ships under flags of convenience, the Greek merchant fleet is now the world's largest. The United States provided 40% of the emigrant remittances and 54% of the tourist receipts that flowed into Greece during the first seven months of 1968. During these months, Greece's total invisible earnings from the United States rose to $150 million, as compared to $138 million in the same period in 1967.

Italy

Imports expected to outgrow exports as economy points to 6-7% GNP gain

By RAYMOND R. RIESGO
European Division, BIC

The outlook is for continued expansion of Italy's foreign trade, with imports, which had been rather sluggish through most of last year, registering greater gains than exports.

Toward the close of 1968, top government officials were pointing to a 6-7% growth in GNP in 1969 as being the optimum rate achievable without any significant pressure on resources. Government policy measures which were taken in the second half of last year were designed to stimulate internal demand and encourage investment, and should begin to have an impact in the early part of this year.

It remains to be seen to what extent other important legislative proposals—such as the tax reform bill—will be delayed by the amount of time it has taken to form a new government.

Investment lags

Several factors have contributed to the lethargic investment situation. On the private side, the unsettled domestic political scene, sluggish domestic demand, the international monetary crisis, and the narrowing of profit margins all combined to introduce considerable hesitation where significant investment decisions were concerned.

Further uncertainty was injected into the picture in October when it was learned that the two principal state-controlled corporations—Industrial Reconstruction Institute (IRI) and National Hydrocarbons Agency (ENI)—had quietly bought up a significant share interest in Montedison, Italy's top chemical firm. The move caused some consternation in business circles and came under fire as "back door" nationalization.

In the public sector, investment lagged mainly as a result of cumbersome and seemingly endless administrative procedures required for implementation of approved projects. Delays of up to 2½ years have been recorded in some cases.

Despite these factors, business surveys conducted just before the end of the year indicated that a majority of the firms interviewed were cautiously optimistic about the months ahead, predicting a favorable pattern of demand and a steady upswing in output without any serious wage or price pressures.

Total Italian imports were fairly stable in the first seven months of 1968 (up 2.2% over the similar 1967 period), but began moving at a brisker pace starting in August. Thus for the first three quarters they reached $7.43 billion, a gain of 4.5% over the year-earlier period.

No significant variations in the geographic pattern took place. The Common Market, paced by West Germany, Italy's top supplier, enlarged its share of the market slightly, and accounted for about 35.8% of the total.

Imports from U.S. up

Italy's purchases from the United States in the Jan.-Sept. 1968 period registered a gain of almost 15% over the similar months of 1967, as sharply higher shipments of corn, chemicals, steel, copper and nickel scrap, and aircraft provided the boost. These large gains more than offset lower imports of cotton, coal, soybeans, and petroleum products.

The outlook for expanded internal demand, sparked in particular by higher levels of investment, should create additional new opportunities for U.S. sales. There is increasing awareness of the necessity for stepped-up research, innovation and diversification of production if the Italian industrial structure is to meet mounting competition in domestic and export markets.

Prospects are promising for sales of specialized machine tools, pumps, construction machinery, computers and data-processing equipment, industrial process controls, measuring, checking and testing instruments, plastics production machinery, and hospital and surgical equipment. Government programs calling for port and railway modernization, textile industry reorganization and modernization, improved urban transport, and expanded construction of highways, schools, and hospitals, will also provide additional sales opportunities.

ITALY'S CHIEF IMPORTS FROM U.S.: industrial machinery, aircraft, corn, coal, chemicals, soybeans, and metal scrap. ITALY'S CHIEF EXPORTS TO U.S.: industrial machinery, footwear, clothing, automobiles, iron and steel products, beverages, and chemicals.

U.S. trade promotion plans

The Commerce Department's Bureau of International Commerce has scheduled the following exhibits at the Milan Trade Center over the next six months:

Reprographic Equipment, Feb. 5-11 (space fully booked);

Materials Testing, Quality Control Equipment, Mar. 1-7;

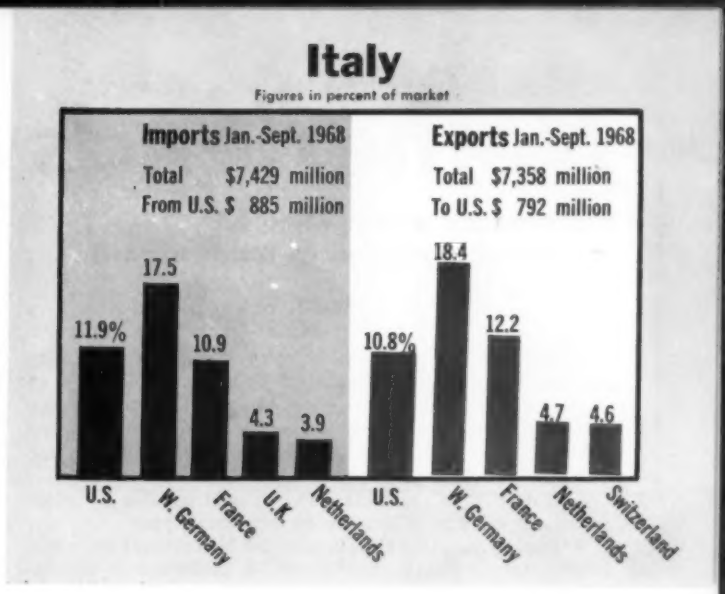
Materials Handling Equipment, Apr. 14-25;

High Vacuum and Cryogenic Equipment, May 15-19;

Industrial, Public Security Equipment, June 12-16.

U.S. water desalination, purification, supply and pollution control equipment will be the theme of a major solo exhibit —PURAQUA—to be mounted in Rome Feb. 17-23. The show is being intensively promoted throughout the European, Mediterranean and Middle East areas. Sparked by the bright sales opportunities in this sector, all exhibit space has been fully booked, and some 54 U.S. firms are expected to participate.

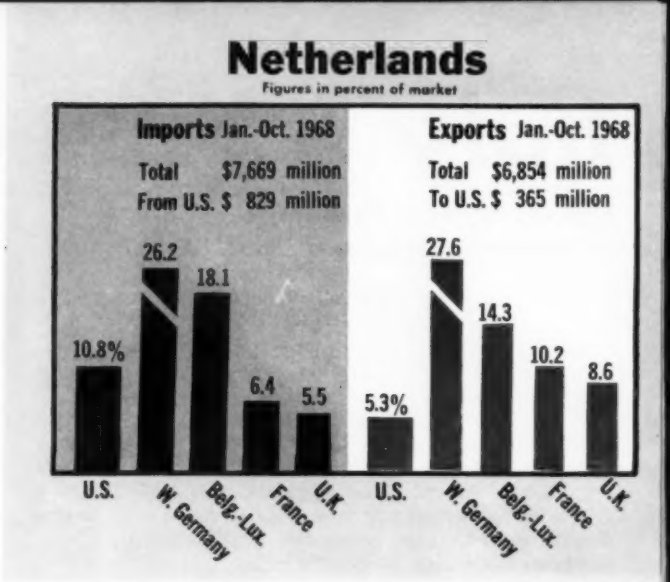
A six-day international conference will be held during the exhibition, and over 45 technical papers on the treatment of water and desalination will be presented.



Netherlands

U.S. products participating fully in general expansion of Dutch imports

By ALFRED J. WHITE
European Division, BIC



With a thriving economy, high levels of demand and increasing imports, the Netherlands should continue to be an attractive market for U.S. goods. Imports in the first ten months of 1968 were running about 12% higher than in the comparable period of 1967 and are expected to increase another 7% to 8% in 1969.

U.S. exports to the Netherlands should be able to match or exceed that rate of increase in the coming year.

Reflecting the cyclical upturn in the Netherlands economy, unemployment was down to about 2% at the end of September, and what unemployment remains is essentially structural, due to labor immobility in certain areas. Industrial production last year was probably about 8% higher than in 1967. Personal consumption in the closing months of 1968 was rising above official forecasts, particularly in the durable consumer goods sector. Record car sales were being recorded.

GNP, $22.8 billion in 1967, was estimated at $24.9 billion in 1968, an increase of 9% at current prices and over 5% in real terms. Per capita GNP last year has been estimated at $1,816, up 4% from the previous year.

Industrial production in the Netherlands is expected to rise 4.5% in 1969 and the volume of consumption by 3.5%. The Netherlands Central Planning Bureau has projected an annual increase in GNP at a rate of 4.8% in 1969 and again in 1970.

Prices rise

Pressures on the price level eased somewhat last year but consumer prices rose significantly by about 3.5% to 4% in 1968 and may rise another 4% in 1969. Included in the latter figure is a 1.3% rise in the price level which is expected as a result of the introduction of the value-added tax which replaced the old cascade-type turnover tax on Jan. 1 of this year.

Wages have also risen, and although labor productivity has also increased, inflation remains a problem and the Government is keeping a watchful eye on wages and prices. Many wage contracts are up for renewal this year.

The Dutch balance of payments will probably show a modest surplus on the current account for 1968, as the traditional deficit on the trade account is normally balanced by a surplus in services and the capital account.

The U.S. share of the Dutch market has averaged between 10 and 11% in the last six years and in the first ten months of last year was maintaining its position with 10.8% of the market. U.S. exports to the Netherlands in the first three quarters of last year were 14% higher than in the same period the previous year, indicating that U.S. goods are participating fully in the general expansion of Dutch imports.

U.S. agricultural products and raw materials are a major component of American exports to the Netherlands, accounting roughly for almost a half of the total in recent years. Foodstuffs, the largest single category in our exports to that country, have shown a declining tendency in recent years, and largely because of the European Common Market's common agricultural policy (CAP) this relative decline may continue. However, agricultural exports are subject to considerable fluctuations due to crop conditions, world market prices and national farm subsidy programs.

U.S. feedstuffs exports to the Netherlands continue to do well. Coal exports to the Netherlands have been declining and this seems certain to continue as Dutch natural gas production, based on very large reserves, continues to expand rapidly.

Particular product lines which have good prospects are: data control and copying machines for offices; electrical measuring and control instruments and apparatus; heating, cooling and air conditioning equipment; scientific, medical and optical measuring and control instruments; metering and control instruments for the natural gas industry; water and air pollution control and purification equipment; electro-medical equipment; pumps, valves and filters; electric traffic control equipment, and jet aircraft and parts. Chemicals, chemical fertilizers and plastics should also have good prospects, as well as packaging equipment, specialty foods, casual clothing and photographic equipment and supplies.

The success of the U.S. Department of Commerce-sponsored exhibit of American equipment and instruments for the chemical, petrochemical and pharmaceutical industries held at the MACHEVO Fair at Utrecht in October confirmed again that American producers are looked to as the pace-setters in advanced technology and new equipment for industry.

A major change in Dutch turnover taxation which will also affect imports took place Jan. 1 of this year, when the old cascade turnover tax on goods and services was replaced by a tax on value added (TVA). The general rate of the new tax is 12%, while many things, mainly basic necessities, will be subject to a 4% rate and there will be some exemptions.

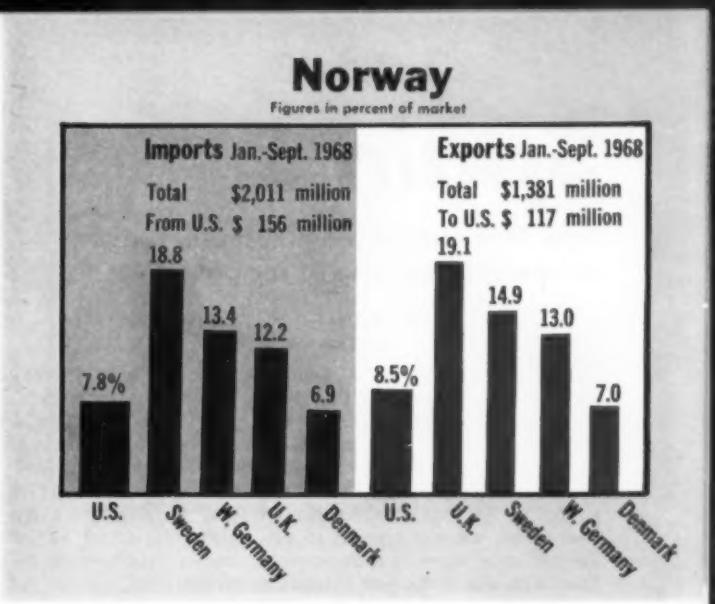
Imports are subject to the same rates as domestically produced goods, although the tax is a consumption tax, passed on through all stages to the ultimate consumer.

CHIEF NETHERLANDS IMPORTS FROM U.S.: grains and grain products, electrical and non-electrical machinery, non-grain animal feeds, oil seed products, aircraft and parts, and chemicals. CHIEF NETHERLANDS EXPORTS TO U.S.: electrical and non-electrical machinery, canned meat and meat products, iron and steel products, organic chemicals, office machines, flower bulbs.

Norway

Consumer demand for imports remains strong; U.S. sales jumped 18.5%

By GRANT OLSON
European Division, BIC



The continuing healthy state of the Norwegian economy makes prospects for the sale of U.S. products favorable.

Most sectors of Norwegian industry show continuing production growth, but a review of the production index just released by the Central Bureau of Statistics shows that some sectors are faring better than others. For the first ten months of 1968 the general index shows a rise of 4.4% as compared with the same period in 1967. Production of goods for export rose by 7.6%, while the index for the consumer goods industry rose by 1.4% and for investment goods by only 0.7%.

Strong competition from imports and a lower level of investments are given as the main causes for the smaller increases shown for the consumer goods and investment product sectors of industry.

The national economic budget, which was presented to the Norwegian Storting this fall, forecasts that the gross national product (GNP) will increase by about 4% in 1969. This compares with an estimated increase of 3.5 to 4% for 1968.

Norway's balance of payments on current account yielded a surplus of 250 million crowns (one crown equals $0.141) in 1968. In 1969 it is expected to show a surplus of 350 million crowns because of larger net freight earnings and increased ship exports.

Reduced workweek

Production growth does not appear to have been noticeably affected so far by a reduction in the workweek from 45 to 42½ hours effective July 1, 1968.

Prices showed little variation during 1968. The wholesale price index remained at 115 (1961=100) for several months. The consumer price index, as well, tended to remain rather stable.

New orders reported by Norwegian industry during the second quarter of 1968 showed a more uneven trend than in the first quarter of the year. Orders received by iron and metal industry, as reflected by the index, slackened a bit, while orders received by the machine industry showed a sharp rise. The index for the electrotechnical industry reflected a drop in orders as did the index for the textile industry. Demand for chemical products showed a sharp rise.

Consumer demand for imported goods has remained strong while demand for domestic consumer goods has tended to be weak. Total private consumption in 1969 is expected to increase by 3%. This compares with an increase of 4% in 1968 and 4.2% in 1967.

Norwegian foreign trade continued to grow during 1968. If ships are excluded from import figures, the increase for the first nine months of the year was 3%. Imports of ships fell off during 1968 by 18%.

U.S. in fourth place

Sweden was again Norway's leading supplier in 1968. Its share of the market was 18.8%. The Federal Republic of Germany occupied second place, the United Kingdom third place and the United States fourth place. Their shares of the market were as follows: The Federal Republic of Germany, 13.4%; the United Kingdom, 12.2% and the United States 7.8%. Norway's imports during the first nine months of 1968 were valued at $2,011 million.

Exports from Norway during the same period were valued at $1,381 million. The United Kingdom ranked first as a market for Norwegian exports, taking 19.1% of the total. Sweden now occupies second place. It received 14.9% of Norway's exports, while the Federal Republic of Germany, which generally ranks second as a market, now ranks third. It's share of Norway's exports was 13%. The United States remained in fourth place with 8.5% of total exports.

Norway's imports from the United States during the first nine months of 1968 were valued at $156 million, an increase of 18.5% over the same period in 1967. Most categories of goods shared in this increase. Machinery and transport equipment, which accounts for 37% of U.S. exports to Norway, increased by 22%. An important part of this increase was due to the delivery of aircraft to the Scandinavian Airlines System.

There is reason to expect that a favorable demand for U.S. machinery and equipment will continue in 1969. A preliminary survey of the investment plans of industry, made by the Norwegian Government, indicates that $1,087 million will be spent for machinery and transport equipment in 1969.

As in the past Norwegian demand may be expected to continue for advanced industrial equipment which will help keep Norwegian industry competitive in the larger EFTA and world markets. With strong emphasis placed by Government and industry on research and development, opportunities for growing sales of physical research and analytical instruments will continue to exist.

The reduced work-week leaves Norwegians with more leisure time. Therefore, the demand for leisure time equipment may be expected to remain strong.

Demand for American fruit, vegetables, wearing apparel and other consumer items often fluctuates. This is due to changes in price, quality and styles.

The U.S. Trade Center in Stockholm serves as an excellent vehicle for aiding American exporters to enter the Norwegian market or to expand the sale of new products.

CHIEF NORWEGIAN IMPORTS FROM THE U.S.: machinery, transport equipment, grain, fruit and vegetables, oil seeds, chemicals, tobacco and cotton. CHIEF NORWEGIAN EXPORTS TO THE U.S.: metals and metal manufactures, fish products, furs, fertilizers, machinery, plastics and plastic products, and chemicals.

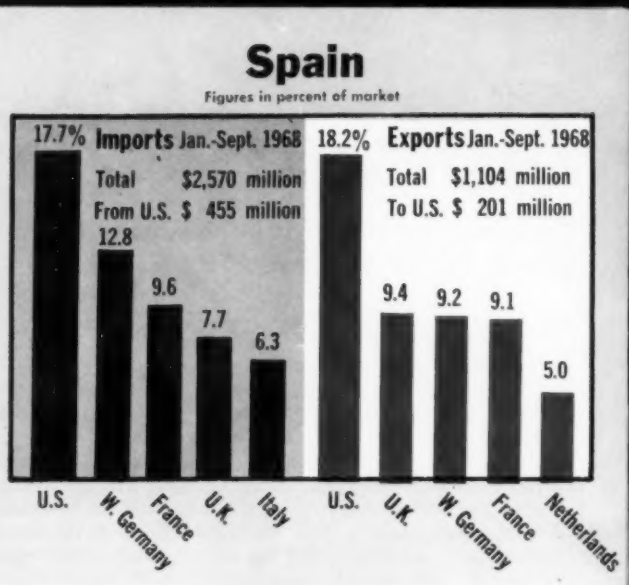
Spain

New Plan should provide broad range of openings for import increases

By RICHARD HUMBERT
European Division, BIC

With the reactivation of Spain's economy now underway, and the impetus given by the Second Economic Development Plan (inaugurated on Jan. 1), sales by U.S. exporters should continue to expand at a moderate rate over the near future.

While it may be somewhat early to judge the basic trend of the economy over the next few months, the pronounced slump which characterized the economy through the early part of last summer appears to have finally leveled off. While performance varies in each sector, agriculture has been stimulated with one of the best harvests on record.



Farm output increased about 5% last year and contributed in large part to the 8.5% increase in Spain's Gross National Product (GNP) to $25.0 billion; about one-half of the increase was accounted for by price increases. This year GNP is expected to rise by about 4.5% in real terms, as called for by the Plan.

Although there is encouragement in terms of the current situation, confidence appears to be returning only gradually as evidenced by the slower than expected increase in investment activity and the mixed activity in the industrial sector, and the delay last year in announcing the definite targets for the new Plan. The steel, shipbuilding, automobile, and construction materials industries appear to be leading the way, but softness recently existed in other areas where demand was slack.

The Government has been increasing its own investment to fill the gap left by private investors. Highway construction, public housing and water development projects are expected to inject considerable funds into the economy over the next several months. Last year, the Institute of Industry (INI), the state holding company, invested some $460 million in many projects designed to stimulate the economy.

Price freeze kept on

Nevertheless, most firms expect to be hard hit by the near complete freeze on prices, which is expected to be maintained at least through the end of this year. All prices were frozen as part of the post-1967 devaluation austerity program.

Wage increases to be granted in the forthcoming industry-labor negotiations are expected to rise by the maximum allowable 5.9%.

With the reduction in economic growth last year, Spain's aggregate imports totaled an estimated $3.5 billion, less than 1% lower than in 1967. During the first ten months of last year, Spain's imports from the United States had increased 3.1% to $501 million, accounting for 17.4% of the market, as against $486 million and 16.7% during the same 1967 period. With the usual year-end surge, imports from the United States might have reached $600 million, or about 2.5% higher than in 1967, accounting for approximately 17.2% of the Spanish import market.

Exports jump

Spain's exports on the other hand had jumped 17% through October, reaching $1,245 million; the improved performance is attributable to the 1967 devaluation and the Government's continued emphasis on trade expansion.

During the same period, a spectacular 45% rise was recorded in exports to the United States, reaching $227 million—already 34% higher than for all 1967—and the 1968 total should be around $270 million. Footwear outpaced olives as the leading export to the United States. The United States thus remained Spain's principal foreign customer.

The pick-up in activity and the improved foreign trade picture mean that overall imports may increase 3–4% in 1969. Raw materials, which make up 24% of total U.S. sales to Spain, should find expanding markets as industrial production rises. With the moderate acceleration in the rate of investment which is expected, U.S. suppliers of capital equipment, which accounts for 36% of sales, should also find increasing outlets.

Commodities which offer the most promising sales potential are: corn, oilseeds, primarily soya beans, unmanufactured tobacco, coking coal, organic chemicals, pharmaceuticals, synthetic resins and plastics, iron and steel primary forms, copper and aluminum alloys, all types of capital equipment for agriculture, industry and construction, aircraft (primarily jets), scientific and optical apparatus, photographic and motion picture supplies and equipment.

The recently held 'America Weeks' in one of Madrid's leading department stores demonstrated the saleability of U.S. household goods and certain clothing, such as men's dress and sports shirts.

Payments surplus possible

The improved trade account in 1968, and tourism earnings some 5–7% higher than the $1,110 million recorded in 1967, as well as about $500 million in foreign investment, are likely to result in a balance of payments in equilibrium or even with a slight surplus—the first one since 1964.

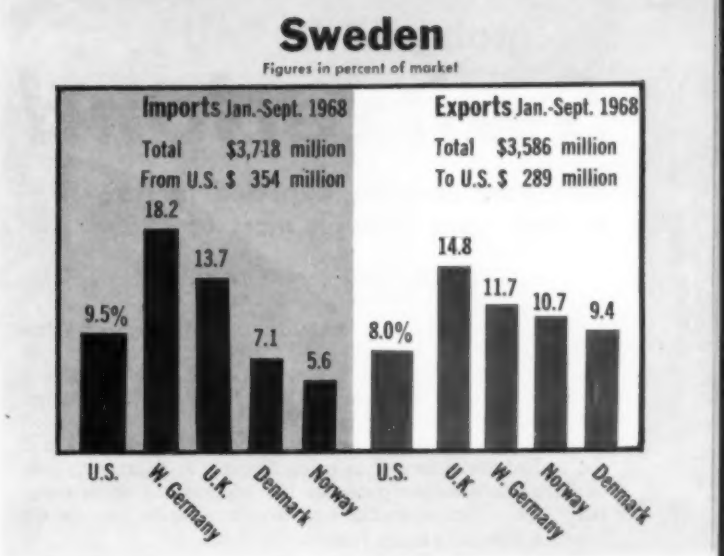
Reserves of gold and foreign exchange remained at about $1,115 million at the end of October (as against $1,031 million after the 1967 devaluation), of which convertible reserves comprised 30%. Overall investments by U.S. firms continued at high levels last year and should reach about $120 million during this coming year.

CHIEF SPANISH IMPORTS FROM U.S.: soya beans, corn, tobacco, raw materials, coal, chemicals, capital equipment, aircraft, scientific-technical apparatus. CHIEF SPANISH EXPORTS TO U.S.: footwear, olives, textile and leather machinery, wines, clothing, olive oil, chemicals, textiles, typewriters.

Sweden

Steady economic gains should lead to moderate import increase in '69

By GRANT OLSON
European Division, BIC



Prospects are good for the continued growth of U.S. exports to Sweden at a moderate rate during the coming months.

The currently published economic indicators show that industrial production is rising, orders on hand from both the home market and from abroad have increased, prices are remaining relatively stable and employment conditions are beginning to show signs of improvement after a relatively high level of unemployment during the past year.

Swedish foreign trade improved during 1968, with exports showing an increase of about 7% over the 1967 figures. The improved export trade is attributed largely to increased shipments to the Federal Republic of Germany, the United Kingdom and the United States. Improved demand for iron ore, timber, paper, special machinery and automobiles has contributed to the increase in the export trade.

The export of ships declined somewhat during 1968 but the receipt of important new orders from Norwegian shipowners has improved the outlook for the Swedish shipbuilding industry. During the first nine months of 1968 orders placed with Swedish shipyards totaled 22 vessels having a tonnage of 2,120,500 dw.

Imports into Sweden showed a similar increase of 7%. Preliminary eight month figures show increases taking place in practically all categories of goods. Country-of-origin figures for nine months of 1968 show that the Federal Republic of Germany remained Sweden's principal supplier. Its share of Sweden's total imports of $3.7 billion was 18.2%, followed by the United Kingdom with a 13.7% share and the United States with a 9.5% share.

Imports from the United States showed a 7% increase over 1967. Unlike the trend in total imports, however, Sweden's import trade with the United States showed noticeable increases in a relatively small group of commodities. The greatest increase took place in the machinery and transportation equipment group, which increased by over 13%. This group accounts for over 40% of Swedish imports from the United States.

Private consumption in Sweden, after a slow rise during the past two years, is on the move again. A contributing factor is increased automotive sales. Passenger automobile imports rose to 76,984 units during the first eight months of 1968, an increase of about 14% over 1967. The United States, however, did not share in this improved trade. Imports of passenger vehicles from the United States declined by 21%.

Industrial investment has tended to slow down somewhat according to an August survey published by the Central Bureau of Statistics. The survey shows that Swedish industry had started or planned to start investments to a value of $1.1 billion during 1968. Of this amount $694 million was designated for machinery and equipment.

This same survey shows that industrial investment in machinery and equipment in 1969 will total $579 million.

An important development currently taking place in the construction field is the building of a container terminal in the port of Halsingborg. This terminal, which is scheduled for completion in 1969, is designed to handle both lift-on/lift-off and roll-on/roll-off traffic. The terminal will handle both water borne and inland traffic.

Another significant construction project scheduled for completion in 1969 is a computerized log and lumber terminal in Northern Sweden. Instead of logs floating down rivers they will be transported by rail and truck to the terminal for sorting and delivery to the proper mill.

Sweden's economic growth was expected to show an increase of about 4% for the year 1968. A more recent estimate places the growth rate of the gross national product (GNP) closed to 3.5%. This prediction is similar to the one made at the beginning of this year.

The Economic Research Institute of Sweden forecasts that economic growth in 1969 will be at about the same level as in 1968. The gross national product in fixed prices is expected to rise by about 3.5%. Both total investments and private consumption are expected to go up at about the same level as in 1968. The price level is expected to remain relatively stable. The wholesale price index has remained at about 180 (1949=100) throughout the first nine months of 1968.

After dropping 4 points to 135 in April, the import price index has remained relatively constant. Consumer prices, which have shown a steady rise since the end of 1967, reached a rather stable level in March of 1968. Since that time the index has remained relatively constant at 215 (1949=100).

Sweden's gold and foreign exchange holdings grew during the first nine months of 1968. At the end of September the gold and foreign exchange reserves held by the National Bank and the Commercial Banks amounted to 6,074 million crowns ($1.2 billion). This amount is sufficient to cover about three months' imports.

The U.S. Trade Center in Stockholm is scheduling the following shows for the first half of 1969; Shipbuilding and Marine Equipment (Jan. 15-21); Pulp and Paper Process and Production Equipment (Mar. 20-26); Electronic Components (Apr. 16-22); Optics 1970 (May 19-24); and Data Processing Input and Output Equipment and Compact Computers (June 11-17).

CHIEF SWEDISH IMPORTS FROM THE U.S.: non-electrical machinery transport equipment, electrical machinery, foodstuffs, chemicals, coal, instruments. **CHIEF SWEDISH EXPORTS TO THE U.S.:** motor vehicles, machinery and equipment, iron and steel specialties, non-ferrous metals, wood pulp, paper and board, furs.

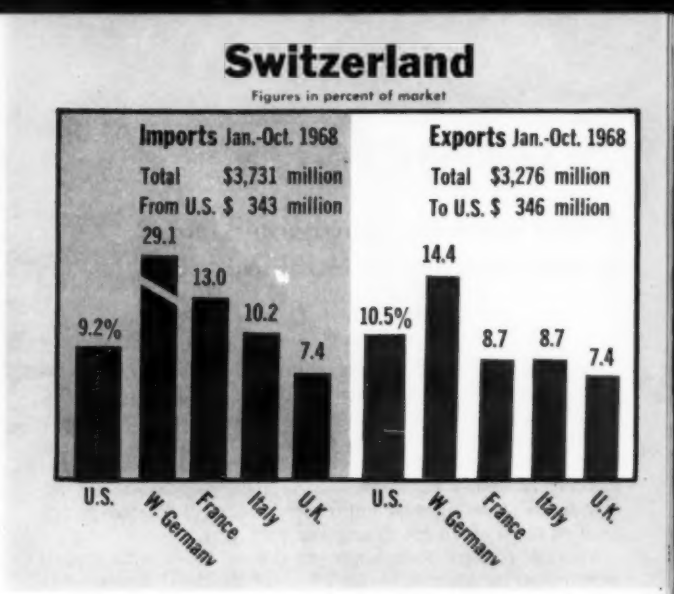
Switzerland

Resurgent economy expected to stay in high gear through most of 1969

By DONALD P. McDONOUGH
European Division, BIC

Since its resurgence in mid-1967 the Swiss economy has operated at a high level of activity which is expected to continue well into 1969. High export figures, rising incomes, and low interest rates all point to high levels of imports into Switzerland.

Increased demand for exports by both her neighbors and the United States as well as rising incomes at home with only moderate inflationary pressures has spurred the Swiss economy. These factors should lead to a large-scale demand for imports, especially in the labor-saving field.



The Swiss gross national product for the first half of 1968 was reported at $7.9 billion, an increase of 2.5% in real terms over the similar period in 1967. This steady growth was limited by the continuing Swiss labor shortage created by stringent governmental controls over foreign labor. This situation is expected to continue into the foreseeable future, and will tend to hold the economy back from excessively rapid expansion.

The rising demand for Swiss exports, however, should lead to better use of available capital and augment the need for improved techniques of production which, in turn, should provide an expanding market for American-made capital equipment.

Swiss businessmen confident

The attitude of the Swiss businessman reflects optimism and confidence. Following a steady decline since 1965, a sharp revival in industrial investment became evident in the fourth quarter of 1967 and continued throughout 1968, reaching an expansion rate for that year of 12.5%. Overall indications are that the same climate will prevail through 1969.

Slower price rises are also contributing to the optimism of Swiss businessmen. The consumer price index rose only 2.9% in 1968, compared with 4.0% in 1967. The wholesale price index rose by a mere 0.4% in 1968.

The first half of 1968 brought a heightened pace in foreign trade which exceeded 1967 levels handily. The Jan.-Oct. figures placed Swiss exports at $3,276 million, which represented an approximate increase of 11.4% over 1967 for a similar period. Imports through October were placed at $3,731 million, indicating a growth rate of 8.4% as compared with the 1967 rise of 4.6%.

Swiss imports from the United States edged upward during 1968 both in total value and in market share. U.S. sales to Switzerland totaled $340 million in 1967 and the U.S. share of the Swiss market was 8.1%. For the first ten months of 1968 U.S. sales increased to $343 million, with a corresponding rise in the market share to 9.2%.

This trend, if continued through the full year, would result in an increase of 21% over 1967 imports from the United States. Prospects for a continuing growth in Swiss-U.S. trade into 1969 appear very bright.

Projected investment, particularly in construction, increased 12.5% over 1967 with the emphasis placed on capital imports. With the Swiss labor situation remaining tight, the need for capital equipment should rise even higher in 1969, signaling an excellent forecast for the coming year.

Labor-saving devices, both industrial and household, will continue to keynote Swiss import demand. On the domestic scene, despite a slight contraction in demand, consumer products should make a good showing, particularly in the areas of packaged foods, leisure-time activity equipment, power handtools, do-it-yourself accessories and novelty gadgets.

CHIEF SWISS IMPORTS FROM U.S.: aircraft and parts, electronic tubes, tobacco, passenger automobiles, communications equipment, business machinery, electronic measuring equipment. CHIEF SWISS EXPORTS TO U.S.: non-electrical machinery, watches, chemicals, apparatus and instruments, textiles, food specialties.

Demand for capital equipment has not diminished. Prospects are promising for such items as refrigeration and air-conditioning equipment for commercial and industrial application, industrial electronic components and printed circuits, materials handling equipment, specialty machine tools, assembly line and automatic transfer equipment, technical measuring and analyzing instruments, and chemicals for the paper and textile industries.

Future prospects good

Therefore, we can say that the prospects for U.S. exports to Switzerland seem excellent. The Swiss economy continues to be an exceptionally stable one with ready made markets for American products. The rise in U.S. exports in 1968 should be matched or surpassed during the coming year.

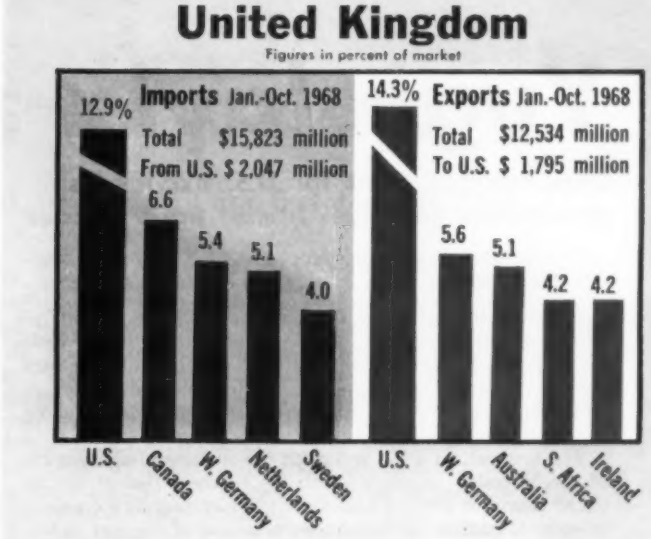
In part this will be accomplished through various international trade shows. The Department of Commerce expects to participate in "Nuclex," the international nuclear industries fair, which is to be held in Basel from Oct. 6-11. This fair is of prime importance to American exporters because the Swiss, with their limited supply of natural resources, are continually searching for new and modern means of producing power. Nuclear energy, its technology and know-how, may prove to be one of the most important Swiss imports for 1969.

The Swiss have traditionally maintained low tariff rates on nonagricultural imports. About 2% of Swiss imports have duties of 12-15%, while 55-60% of imports are dutiable at 5% or less. Results of the Kennedy Round negotiations, in which the Swiss tariff cuts averaged 35%, offer further opportunities for U.S. exporters, especially on consumer items where demand is very closely related to price.

United Kingdom

Import Deposit Plan may slow sales of some U.S. items; top sellers unhurt

By EDWARD A. LESLIE
European Division, BIC



U.S. exports to the United Kingdom in 1969 are expected to rise slightly over 1968, even taking into account the effects of the Import Deposit Plan (IDP) imposed in November and other measures introduced by the British Government to dampen domestic demand and hold imports down. As in the past, the largest part of this projected increase should be made up of a great variety of advanced industrial machinery and equipment.

The U.S. exporter should continue to benefit from the basic objective of the British Government to rationalize and expand industrial production for exports. The efforts to achieve this goal will continue to require substantial imports of sophisticated machinery and equipment of the type and variety now being imported in large volume from the United States.

The Import Deposit Plan, however, is expected to slow down the expansion rate of U.S. exports in general to the United Kingdom. The least affected product category on which the IDP falls will be in the area of sophisticated and advanced machinery and equipment. It is clear, however, that the IDP is likely to affect individual U.K. import transactions primarily according to the ease or difficulty with which individual U.K. importers have access to funds with which to meet the deposit requirements.

Held for six months

Under the Import Deposit Plan which came into effect Nov. 27, all goods, excluding raw materials, feedstuffs, fuels and certain aircraft and ships will be subject to a deposit of 50% of the value of the goods before they can be released from customs. The deposit will be held for six months and then returned to the party who paid the deposit.

Simultaneously with announcement of the IDP, the Government introduced a number of other measures aimed at restraining domestic demand and bank liquidity. These include a 10% increase in all sales (purchase) taxes under "regulator" authority granted to the Chancellor of the Exchequer, and a reduction in the ceiling on clearing bank advances from 104% to 98%. Excluded are credits for specific schemes of Government guaranteed lending for exporters and shipbuilders.

The effect of both the IDP and restraint on bank advances will be to reduce importers' liquidity positions as well as business liquidity in general. On Nov. 1, the Government also imposed measures which tightened hire purchase credit.

The gross national product is expected to show a growth of probably 2% for 1968 to approximately $99 billion. Prior to the introduction of the IDP and the other restraint measures, it was estimated that GNP would rise in real terms by about 3% during 1969. It now appears GNP will show a growth of about 2½% in 1969.

The balance of payments continues to be the most important immediate problem facing the British. It is estimated that the balance of payments ran a deficit of about $1,500 million in 1968, a sharp increase over the original forecast. Before the deposit plan and other economic measures were introduced by the Government, the balance of payments was expected to be approximately in balance in 1969. It is now anticipated that the balance of payments could show a surplus of as much as $100 million, with the slowing down in imports and the continued strong expansion of exports.

CHIEF U.K. IMPORTS FROM U.S.: cereals, tobacco, textile fibers, chemicals, machinery, transport equipment, scientific instruments, non-ferrous metals. CHIEF U.K. EXPORTS TO U.S.: Scotch whisky, textiles, machinery, transport equipment, iron and steel products, non-ferrous metals, and chemicals.

United Kingdom imports during the first nine months of 1968 totaled approximately $14,103 million, an increase of about 6% in terms of dollars (and of 23.6% in terms of sterling, reflecting the November 1967 devaluation). There were significant increases in imports of transport equipment, which rose over 42% to $498 million; iron and steel, up 16% to $283 million; non-ferrous metals, 34% to $1,046 million; non-electrical machinery, 4% to $1,118 million; and electrical machinery and appliances, 14% to $423 million.

U.S. share gains

British imports from the United States during the Jan.-Sept. period increased by 9.3% to approximately $1,819 million, resulting in a gain of the U.S. market share from 12.5% for the comparable period in 1967 to 12.9% in 1968.

Principal U.S. commodity groups showing major import gains (percentage increases in parenthesis) were: electrical machinery, $153 million (13.3%); metalliferous ores and metal scrap, $26.4 million (225%); and aircraft, $220 million (109.5%).

Product categories offering good sales potential for U.S. exports include technologically-advanced equipment in the areas of precision machine tools, general industrial equipment, industrial process controls, and electronic instruments and components.

Forthcoming exhibits scheduled for 1969 at the U.S. Trade Center in London include transducers, Feb. 10-14; fluidics and advanced switching devices, Apr. 14-18; industrial fasteners, May 14-21; and marine equipment, June 11-18.

Yugoslavia

Opportunities good for U.S. exports as government continues liberal trade policies

By GAIL VAN KEULEN
European Division, BIC

Aided by an upswing in economic activity, U.S. exports to Yugoslavia are expected to increase slightly during 1969. While rising capital investment and the modernization of Yugoslav industry present many opportunities for additional sales of industrial goods and equipment, increasing trade is resulting from the continued liberalization of import policy.

The first half of 1968 witnessed the sustained improvement of the Yugoslav economy which has followed the reform induced slump of 1967. Fiscal and monetary restraints continue in order to contain the inflationary pressures of the ever widening industrial restructuring, and a somewhat higher rate of growth in import demand is foreseen, accompanied by a moderate rise in the rate of gross national product (GNP) growth. 1968 GNP growth is estimated at around 3% over the $9.422 billion level of 1967.

Total money in circulation increased 1.5% over the first seven months of 1968 as compared with a 1.8% decrease registered during the whole year of 1967. Capital investment in the first seven months of 1968 increased 21% over the level reached in the like period during 1967.

U.S. prospects improve

U.S. exports to Yugoslavia amounted to $41 million for the first six months of 1968, a substantial decline from $66 million registered for the same period in 1967. This was a result of the termination of PL-480 credits for cotton and vegetable oils. In addition, Yugoslavia benefited from the results of two good harvest years in reducing wheat imports.

The U.S. share of the Yugoslav import market dropped to 5.1% for Jan.-Sept. 1968 as compared to 6.2% during the like period of 1967. With Yugoslavia's exports amounting to $44 million for Jan.-June 1968, the United States was running a balance of trade deficit with Yugoslavia for the first time since the war. However, the U.S. share of the Yugoslav import market is expected to rise to about 8% as a result of increasing sales of manufactured goods and capital goods for development projects. During the first six months of 1968, Yugoslav imports of capital goods and equipment increased 17% over the same period in 1967.

The modernization of industry, necessitated by reform measures, should provide unusual opportunities for U.S. exporters. The Yugoslavs consider the U.S. superior in industrial technology. A slight easing of Yugoslavia's monetary restrictions in 1969 should enable U.S. manufacturers of capital goods to take advantage of opportunities opened by increased domestic investment in that country. For U.S. exporters, moderate growth in traditional sales of raw materials, in line with Yugoslavia's overall import growth, is expected. An expanding market is foreseen for U.S. machinery and transport equipment, but the most substantial growth is likely to come in the field of electronic equipment.

Particular product categories which offer promising sales potential for U.S. manufacturers include: equipment for the tourist and catering industries, railway and highway construction equipment, computers, agricultural machinery, food packaging equipment, refrigeration equipment, machinery for extracting and processing ores and minerals, industrial control and testing equipment, and television broadcasting equipment. Consumer goods are also in demand.

Following the extensive Yugoslav liberalization of imports which occurred in 1967, certain domestic industries suffered from import competition, and Yugoslavia's balance of payments difficulties became severe. This has led the Yugoslav Government to recently place a number of goods under more stringent foreign exchange and trade controls, introducing new exchange quotas for some 215 items. However, the categories hardest hit by the changes in exchange restrictions are consumer goods and semi-manufactures, and the United States has not traditionally been a major supplier of these commodities.

CHIEF YUGOSLAV IMPORTS FROM U.S.: grains, coal, vegetable oil, construction and mining machinery, metal working machinery, animal feed. CHIEF YUGOSLAV EXPORTS TO U.S.: tobacco, canned meat, electrical wire and cable, furniture, lead, copper, aluminum.

The trade deficit steadily increased during 1968, and for the first half stood at $276 million. This has been partially offset, however, by increased invisible earnings. Gross earnings from tourism was up by 43% for the first six months of 1968 over 1967. Maintenance of import liberalization depends on balance-of-payments difficulties not becoming severe.

At the end of June 1968, National Bank reserves were $118 million, an increase of $6 million over the level in June 1967.

The U.S. Department of Commerce will participate in the Novi Sad Agricultural Fair, May 9-19, with an exhibit of agricultural and food processing equipment and machinery.

Yugoslav investment laws

The Yugoslav Government is extremely interested in attracting foreign technology and managerial know-how. Although equity participation in an enterprise in Yugoslavia is prohibited, legislation was passed in July 1967, permitting joint ventures between foreign firms and Yugoslav enterprises.

Additionally, as of Sept. 11, 1968, foreign firms are now allowed to establish representational offices in Yugoslavia. This permission will be limited, however, to firms which either have a permanent investment in a Yugoslav enterprise or some contractual arrangement, such as joint marketing.

Far East sales at peak

Despite export gains, United States registered trade deficit for first time in 1968

By ROBERT M. KLEIN
Deputy Director
Far Eastern Division, BIC

U.S. exports to the Far East last year exceeded $6 billion for the first time, as new sales records were set for nearly all the countries of the region. This year's exports should match the substantial gains of 1968, and may top the $7 billion mark.

The continuing economic growth in most of the Far Eastern countries has widened the prospects for U.S. suppliers, and many are taking increased advantage of the opportunities offered as reflected in the across-the-board rise in U.S. shipments. In terms of the U.S. share of the individual country markets, however, the picture is somewhat mixed, with American exporters enlarging their share in four countries, slipping in at least three, and holding their own in the others.

For four years now U.S. sales to the Far East have been averaging annual increases of 10%, generally outpacing the rise in total U.S. exports to the world, with the result that the region accounts for nearly one-fifth of overall U.S. sales abroad. But at the same time, imports from the Far East, except for 1967, have been growing at a considerably faster rate. Thus in 1968, after a series of years in which our Far Eastern trade contributed to the sizable export surplus for the United States as a whole, a trade deficit was registered with the region.

For the first eleven months of the year, U.S. Census data indicate a deficit of nearly $400 million. This is more than explained by U.S. trade with Japan where, despite increases in both directions, the greater spurt in U.S. purchases of Japanese goods resulted in a massive trade deficit of $1 billion.

Exports up by 11%

Nevertheless, taking U.S. sales to the region by themselves, last year's performance was a favorable one. Exports to the Far East (including Oceania) for Jan.-Nov. 1968 were up by 11% over the corresponding period of 1967.

As has become typical of our trade with the area, the sales gains were broadly dispersed, with higher purchases being made by 12 of the region's 15 countries. Reduced buying was evident only in South Viet-Nam, the Ryukyus, and Laos.

Exports to Japan, which represented about 45% of total U.S. sales to the area, were 9% higher for the eleven-month period, as the United States helped meet the import needs of another boom year for the Japanese economy. The country's gross national product (GNP) is expected to have grown by 13% in real terms, by the end of the current fiscal period in March. With the GNP again projected to expand substantially during the next fiscal year, U.S. exports in 1969 should at least equal the 1968 gains, and easily exceed $3 billion.

Sales to Australia, our second-ranking market in the region, increased by nearly 10% in the initial 11 months of last year, following a striking 37% rise registered in 1967. With industrial output running well ahead of a year ago, and the effects of the drought over, 1969 exports should show another significant advance.

For the Philippines, the outlook is more clouded. U.S. exports in Jan.-Nov. 1968 were up only fractionally, and the full-year total probably approximated the peak figure of the previous year. In the face of tighter credit and import restraints imposed by the Philippine Government because of balance-of-payments difficulties, the prospects are that U.S. exports to the country in 1969 will be below the levels of the two preceding years.

Korea has now replaced the Philippines as our third-ranking market in the Far East (although this is partly due to the inclusion of "special category" or military shipments in U.S. trade data which represent a more important element in the case of Korea). With an estimated real increase in GNP of 12% last year, and a similar rise predicted for 1969, Korea is currently leading the region's developing countries in terms of economic growth. Thus U.S. exports to the country were up by 18% for the 11 months of 1968, and the 1969 outlook is for another gain of about the same magnitude.

Taiwan, which also continues to exhibit strong economic progress, has been a rapidly growing market for U.S. suppliers, with U.S. sales expanding by 41% in 1967 and 23% last year. The trend will continue in 1969, but the rise will be of more moderate proportions.

The largest percentage gain in U.S. exports to the Far East last year was registered for Indonesia (up 140% for 11 months), due mainly to heavier U.S. aid-financed shipments. Further expansion is probable in 1969, but not at the dramatic pace of last year.

Continued advances in U.S. exports are also foreseen for Hong Kong, Thailand, Malaysia, and Singapore, as well as a modest gain in the case of New Zealand where U.S. exports in 1968 were up substantially because of sales of civilian aircraft. Shipments to South Viet-Nam, of course, will be mainly geared to aid availabilities.

Imports rise sharply

On the import side, as indicated earlier, U.S. purchases from the Far East were up sharply, a 30% jump for Jan.-Nov. 1968, reflecting the buoyancy of the American economy. The increase in imports from Japan, which accounts for about three-fifths of the regional total, was slightly above the overall figure. Most of the other Far Eastern countries shared in the enlarged import bill, however, led by Korea, Taiwan, and Singapore, with the first posting a 72% rise and the latter two each registering gains of 66%. The 1969 prospect is for continued increases, but at a lessened rate.

In order to further develop and expand the U.S. role in Far Eastern markets, the Department of Commerce is utilizing a variety of promotional efforts. Official trade fair participation in the months ahead will include several specialized shows in Japan, and the first major promotion in Korea, a Solo Exhibition of U.S. machinery scheduled for Seoul next May.

Industry-organized, Commerce Department-approved trade missions will also be visiting various countries of the area, and America Week promotions of consumer products will be held in Australia, Hong Kong, and Japan. In the meantime, the U.S. Trade Centers in Tokyo and Bangkok are continuing with a full program of periodic shows.

In addition to the expansion of U.S. trade with the Far East, there has been increasing participation by U.S. firms in the area's economic growth through equity investment and licensing agreements. As of the end of 1967, total U.S. direct private investment in the Far East (including Oceania) was valued at over $5 billion, nearly half accounted for by Australia, and a further expansion was experienced in 1968.

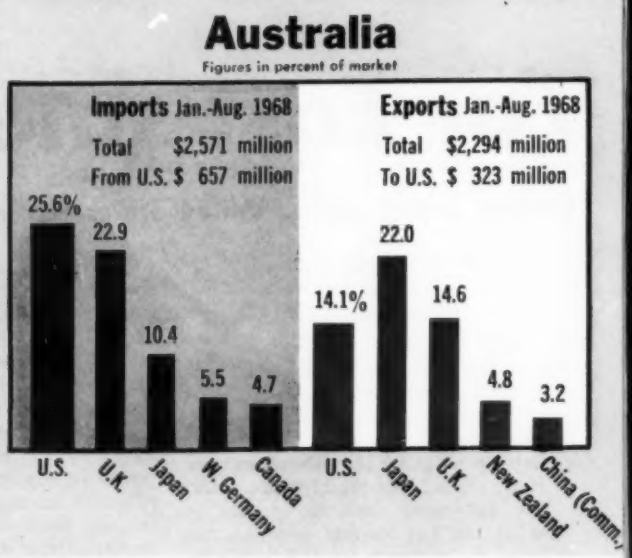
Australia

Economy operating at high levels, imports needed for mining, construction

By DEANE M. BLACK
Far Eastern Division, BIC

U.S. exports to Australia should continue to increase in the months ahead in line with the continuing strong expansion in activity and demand recorded throughout the Australian economy in recent months.

U.S. exports to Australia rose to $739 million during the first ten months of 1968, an increase of 10% over the corresponding period of 1967. U.S. exporters may face keener competition, however, both as the result of the attractiveness of the Australian market, and the intensive and dynamic sales efforts of other countries exporting to Australia.



The level of business activity in Australia is high and expanding, and gross national product (GNP) is expected in fiscal 1968-69 (ending June 1969) to increase as much as 7% in real terms over the year before. Industrial production in most sectors has been running well ahead of a year ago. The effects of the drought are over, and the volume of rural output for the current fiscal year is predicted to be some 24% above that of fiscal 1967-68.

While the Federal Treasurer has made several public statements recently regarding the good growth and stability of the Australian economy, he has also warned of the possible effects of excessive levels of demand on domestic costs and prices and on the country's external position through the demand for higher imports.

In early October, the Reserve Bank took action to restrain bank credit by tightening the reserve requirements of trading banks, and by increasing bank lending rates. At the same time, it noted that it is prepared to use every means in its power to closely manage the money supply if it should be required to prevent overheating in the economy.

Trade deficit widens

Although Australian exports have increased, their rate of growth has not been sufficient to match the rise in imports, and Australia's trade deficit for the first quarter of 1968-69 was nearly $149 million compared with a deficit of $96 million for the corresponding period of 1967-68. Imports rose to over $1.016 billion for the quarter while exports amounted to $868 million. The normal seasonally low export receipts for September may have been accentuated by the delayed effect of the drought, particularly on exports of wheat.

Although the full effects of the budgetary measures have not yet been felt, the current account deficit of some $364 million for the September quarter was offset by continuing heavy inflows of capital from abroad. Reports indicate that capital inflow during the quarter was averaging some $95 million a month or about $1.1 billion a year, approximately the same level as for the fiscal year ended last June 30. Consequently, Australia's international reserves fell by only $64 million, to a figure of $1.2 billion, about four month's imports at 1967-68 levels.

Outlook favorable

Despite the worsening trade position, the outlook both for the short term and the long term is for a continuance of growth. However, in the period before the prospective new mineral dimension of the Australian economy can reach full stride, there could be pressure from a balance-of-payments squeeze. Further, if defense spending continues to grow and capital inflow is not sufficient to cover the deficit on current account, a slower rate of economic growth could result. Though defense spending is running 9% over last year, there was a record net capital inflow of $1.159 billion in 1967-68, more than double the $534 million of the year before, and more recent monthly figures indicate that the level still is being maintained.

Export receipts are also expected to increase as the result of greater production of key primary commodities, and as mineral export contracts with Japan are implemented. Japanese steel mills have recently signed additional long-term contracts for 220 million tons of iron ore valued at some $1.8 billion from five large projects in Western Australia. This is over and above the $3 billion-plus contracts already signed.

Further, Australia is now assured of a market for an additional 334,000 tons of sugar in the United Kingdom until 1974 under the new Commonwealth Sugar Agreement, as well as some $30 million in extra export income resulting from its export quota under the recently renegotiated International Sugar Agreement.

An extensive trade in alumina has also been developed recently which in fiscal year 1967-68 yielded export receipts of some $54 million.

U.S. sales prospects

Product categories traditionally exported to Australia still appear to offer the best opportunities for U.S. exporters in that market, although there are increasingly expanded opportunities in equipment for the mining and construction industries as a result of the large exploration and development projects in iron ore, bauxite, nickel, petroleum and natural gas.

Other categories offering good sales possibilities are power generating machinery and equipment, transport equipment, food processing machinery, plastics, chemicals, and measuring and control instruments.

CHIEF AUSTRALIAN IMPORTS FROM U.S.: non-electric machinery, transportation and communications equipment, electric machinery, apparatus and appliances, chemicals, textiles, plastics, crude fertilizers, paper and paperboard. CHIEF AUSTRALIAN EXPORTS TO U.S.: meat, wool, alumina, lead and zinc, rutile, frozen lobsters, sugar.

Hong Kong

Buoyant economy expected to push foreign trade levels to new highs

By JAMES R. JOHNSTON
Far Eastern Division, BIC

The buoyancy of Hong Kong's economy is expected to push trade levels to new heights in the coming months. Recent export performance has been impressive, while imports have been increasing at only a slightly less rapid pace. U.S. sales to the Colony should continue expanding in 1969.

Hong Kong's foreign-trade-oriented economy continues its progressive recovery from the 1967 Communist disturbances that shook confidence in the Colony's future. The combination of factors that contribute to Hong Kong's competitive advantage, particularly its efficient low-cost labor, appears likely to continue without substantial change in the near future. Over the longer term, there are indications that shortage of labor and capital may develop and help put the brakes on the rapid rate of economic expansion that has prevailed almost without interruption since the early 1950's.

An estimate of 1968 GNP has not yet appeared, but economic indicators suggest that in 1968 GNP significantly exceeded the $2.37 billion ($612 per capita) registered in 1967. The upward trend is expected to continue moderately in 1969.

As time passes without a recurrence of Communist disorders, the business community is tending more and more toward a pre-disturbance outlook. Although new capital investment in the industrial-export sector is still adversely affected, near boom conditions have developed in export industries, and there are indications of a recent quickening of new capital investment. Continuing brisk demand for the products of Hong Kong's industries in world markets is expected to result in substantial capital input. Nevertheless, local Chinese businessmen have shown more than normal interest in diversifying their holdings overseas.

The flourishing tourist industry reflects a back-to-normal atmosphere in Hong Kong, with tourist arrivals of 66,437 in October setting a record for any one month. Some 50 bids were received when an 800-room hotel was recently put up for sale at a reserve price of $13 million.

Hong Kong's imports from the world during the first nine months of 1968 totaled $1,471 million, up 11.4% from the corresponding period of 1967. The U.S. share of the market during these periods rose from 13.3% to 14.3%, as the value of imports from the United States increased 20%, from $175 million to $210 million. The greater increase in Hong Kong's imports from the United States than from the rest of the world could have been partly due to the high level of raw cotton and rice sales by American suppliers. Another U.S. commodity which showed an increase over the first nine months of 1967 was diamonds.

There are no indications of any change in Hong Kong's free port policy and its rejection of protectionism. The government's laissez-faire attitude toward the economic life of the colony was reconfirmed in October by the Director of Commerce and Industry. Addressing the Indo-Pacific Committee of the International Council of Scientific Management, he characterized Hong Kong as a "laboratory sample of a true liberal economy", noting that the Hong Kong Government had nevertheless participated vigorously in such fields as low-income housing, water supply and transport facilities.

Best sales potential

Hong Kong offers a growing market for office equipment, in which the United States already has a majority share. The market for air conditioners continues to grow, as does the market for household appliances, particularly washing machines. Textile machinery appears to offer good sales prospects as textile plants either replace obsolete equipment or import new machinery to keep up with the trend toward greater use of synthetics and cotton/synthetic blends. Hong Kong's sharply increasing exports of plastic fabrications, transistor radios, and especially garments suggest an expanding market for equipment used by these industries.

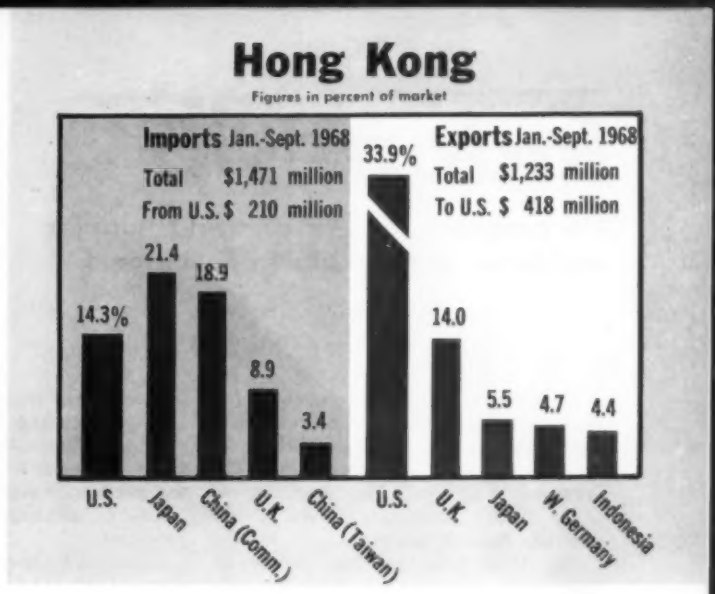
Although U.S. exports of raw cotton did especially well in 1968, large inventories and more competitive prices offered by other suppliers are expected to have an adverse effect on future U.S. sales. Similarly, it is not anticipated that U.S. rice exporters will be able to maintain the significant share of the rice market that they gained during 1968. U.S. sales of tobacco, however, appear to be on an upward trend after several years of decrease or stagnation.

Opportunities for increased sales of various prepared food items remain favorable, and there are indications that imports of capital goods should begin to pick up noticeably during the first quarter.

Hong Kong's sizable foreign exchange reserves—99% in sterling—have been protected against future sterling devaluation under an arrangement worked out with the United Kingdom in November. In the event of sterling devaluation, the United Kingdom would make a payment in sterling to restore the U.S. dollar value of 90% of Hong Kong's sterling reserves. This agreement supersedes a different cover arrangement that had been announced in June.

Supported by the U.S. Department of Commerce and the U.S. Consulate General, three Hong Kong Department stores will feature U.S. products in "America Weeks" promotions to be held Apr. 11-25.

CHIEF HONG KONG IMPORTS FROM THE U.S.: diamonds, nonelectrical machinery, raw cotton, electronic parts and components, tobacco, pharmaceuticals, and synthetic resins. **CHIEF HONG KONG EXPORTS TO THE U.S.:** clothing, plastic toys and dolls, plastic flowers, textiles, wigs, transistor radios, and television parts.



Indonesia

Aid programs, returns of world business confidence spark sharp trade increase

By M. VIRGINIA WEBBERT
Far Eastern Division, BIC

Indonesia
Jan.–Oct. 1968

U.S. exports to Indonesia
$122 million

U.S. imports from Indonesia
$143 million

The sharp rise in U.S. exports to Indonesia anticipated in 1968 has materialized, with Jan.-Oct. exports of $122 million more than 145% higher than in the same period of 1967. The 1969 outlook is for further expansion, but not at the dramatic pace of last year.

The 1968 gain was due mainly to larger U.S. aid-financed shipments, although Indonesia's rising export earnings and increased U.S. business confidence in Indonesia's creditworthiness and investment potential were contributing factors. U.S. trading firms, as well as oil companies and four U.S. banks, have opened offices in Djakarta.

U.S. investors in other than banking and oil, authorized to invest about one-third of the $342 million planned by companies so far licensed to operate under Indonesia's Foreign Investment Law, are expected to swell the ranks of U.S. business in Indonesia.

In 1968 the Inter-Governmental Group (IGG) of free world nations helping Indonesia raised their original pledge of $325 million in economic aid to $350 million, including emergency assistance in the form of grains. The United States and Japan each provided about one-third. Except for a $25 million AID loan implemented through Indonesia's BE (bonus export) system and deliveries under similar loans in 1967, U.S. aid in 1968 financed PL-480 commodities and grains, mainly rice, cotton, and bulgar wheat.

As the largest aid donors, the United States and Japan continue to be Indonesia's major suppliers. In the first half of 1968 they exported $79 million and $60 million respectively, compared with $26 million from West Germany, $21 million from the Netherlands, and $7 million from the U.K.

In October, at an IGG meeting in Scheveningen, the Indonesian Government set its aid requirements for 1969 at $500 million, of which about $365 million is needed for nonfood imports and around $135 million for food aid. The amount sought is for commitments, not all of which would be actually disbursed in 1969.

The IGG representatives concluded that economic developments and prospects of Indonesia had improved decidedly since its April meeting, and that Indonesia's promised continuation of its balanced financial policies would further implement the stabilization objective and allow acceleration of rehabilitation and development programs.

Indonesia's five-year development program (1969-73) is still set forth only in general terms. It gives priority to: agriculture, particularly food production; diversification of foreign exchange earnings; encouragement of industries to produce equipment and inputs for the agricultural sector and to process agricultural products; the strengthening of infrastructure, particularly transport and communications; the absorption of excess manpower; and the encouragement of regional development. The overall target is to bring GNP growth above the estimated population growth rate of about 2.7%.

Indonesia's imports in 1968 (f.o.b.) were estimated at $914 million, about 15% higher than in 1967, and were facilitated by a 10% increase in export earnings and greater aid-financed imports. However, it is also estimated that last year Indonesia had a trade deficit of about $67 million and a total deficit on goods and services account of around $380 million. Indonesia's foreign exchange reserves are negative.

Major U.S. exports to Indonesia for Jan.-Oct. were: PL-480 commodities and bulgar wheat, $58 million; transport equipment, especially for roads, $9 million; fertilizers, $7 million; construction and mining machinery, $5 million; internal combustion engines, $4 million; electric power machinery and pumps, $3 million; and centrifuges and parts, $3 million. These continue to offer the best sales potential.

U.S. imports from Indonesia totaled $143 million for Jan.-Oct., down slightly from the same period of 1967. Rubber comprised $45 million; petroleum and its products, $40 million.

The U.S. Government is once more offering insurance and guarantees from FCIA and Eximbank for shipments to Indonesia, for short-term and medium-term sales, on a case-by-case basis.

U.S. exports to Indonesia have been hindered because importers had to borrow at high interest rates to obtain funds to make the 100% deposit required to open letters of credit. Credit costs were greater when buying from the more distant U.S. suppliers, and were a factor in the slow use of U.S. Agency for International Development (AID) funds. Now the Government permits importers using U.S. AID BE's to postpone the deposit until the goods are delivered in Indonesia, provided an Indonesian foreign exchange bank is willing to guarantee payments. Also, they are eligible for three-year government credits at 8% annually if importing capital goods for industrial facilities.

In addition, importers using general BE's may defer opening letters of credit until 45 days after goods are shipped from the U.S. or Canada, compared to 30 days from Europe or North Africa and 14 days from most other areas. The Indonesians have also authorized the establishment of areas where goods can be stored duty-free in bonded warehouses, and is seeking foreign financing for them.

The measures outlined above are intended also to encourage the import of the more essential items on the BE list, to raise the BE rate by increasing demand, and thus to narrow the gap between the BE and DP (complementary) exchange rates, which is not to exceed 15%.

As of Dec. 26, the BE rate was 326 rupiah (Rp.) per U.S. dollar while the DP rate was Rp. 415, a spread of 27%. The recently raised rate for oil companies was Rp. 300; the customs valuation rate, Rp. 325; and the central bank tourist rate, Rp. 410 per U.S. dollar.

CHIEF INDONESIAN IMPORTS FROM THE U.S.: rice, bulgar wheat and wheat flour, raw cotton, fertilizers, transport equipment, construction and mining machinery, and internal combustion engines. CHIEF INDONESIAN EXPORTS TO THE U.S.: rubber, petroleum and products, coffee, pepper, other spices, tea and mate, and palm oil.

Japan

Economy encouraging for U.S. exports of raw materials, agricultural products

By TATSUO A. MIYAKAWA
Far Eastern Division, BIC

U.S. exports to Japan in 1968, although not matching the 14% gain recorded the previous year, nevertheless rose significantly as U.S. sales (based on U.S. f.o.b. data) edged toward the $3 billion mark. This year's outlook is for another increase of at least the magnitude of the 1968 performance.

Paced by a one-fifth increase in Japan's exports and a remarkably improved international payments position, the Japanese economy continued its rapid growth during 1968. Moreover, most economic indicators point toward accelerated growth in the coming months. The notable rise in Japanese exports partly reflects substantial increases in production capacity combined with exceptionally heavy imports by the United States.

Increasing demand for equipment investment and private consumption, plus the continuing favorable development in Japan's exports, are leading to vigorous economic activity. An Economic Planning Agency (EPA) survey covering 4,422 firms revealed that equipment investments for fiscal 1968, ending Mar. 31, 1969, will exceed $12 billion, representing a gain of nearly 24% over fiscal 1967.

GNP growth continues

The EPA forecasts that the real increase in gross national product for fiscal 1968 will be about 12.6%. The fiscal 1969 projections are for a growth rate somewhat below the 1968 expectation. Contributing factors are the relaxation of money restrictions and a lower rediscount rate; the 9-10% expansion in world trade; and ample Japanese production capacity permitting rapid export expansion.

In the midst of this exhilaration, some bankers and financial authorities fear inflation and advocate action toward price stabilization. The Governor of the Bank of Japan, for example, has called for a cautious Government spending program. Japanese businessmen are concerned regarding the possible cooling off of the U.S. economy and its effects on their exports. Possible U.S. import restrictions or imposition of voluntary Japanese export controls on additional items are also causing anxiety.

The U.S. share of Japan's import market has been deteriorating slowly but steadily since the 38% held in 1957. Based upon nine months' data for 1968, the U.S. share was 27%. This ratio could dip further, without vigorous U.S. promotional efforts, as Japan continues to broaden its supply sources. In absolute terms, however, Japanese trade data (c.i.f.) show that imports from the U.S. during Jan.-Sept. 1968 increased 10.3% to $2.6 billion while total Japanese imports grew 11.8% to $9.5 billion.

Leading U.S. exports to Japan remain basic raw materials such as chemicals, coal and coke, and agricultural and forestry products such as logs and lumber, corn, wheat, and soybeans, which together increased by 14% during this period. Exports of machinery alone expanded by 31%. More important, continued increasing sales of this category are favorable since most U.S. machinery fits Japanese equipment investment programs.

It is yet too early to assess the full impact of the two-step Kennedy Round tariff reduction instituted by Japan on July 1, 1968. However, since this action equalled 40% of the reduction agreed to during the negotiations, many U.S. products presently are more attractive to Japanese buyers. The next reduction will take place on Jan. 1, 1970.

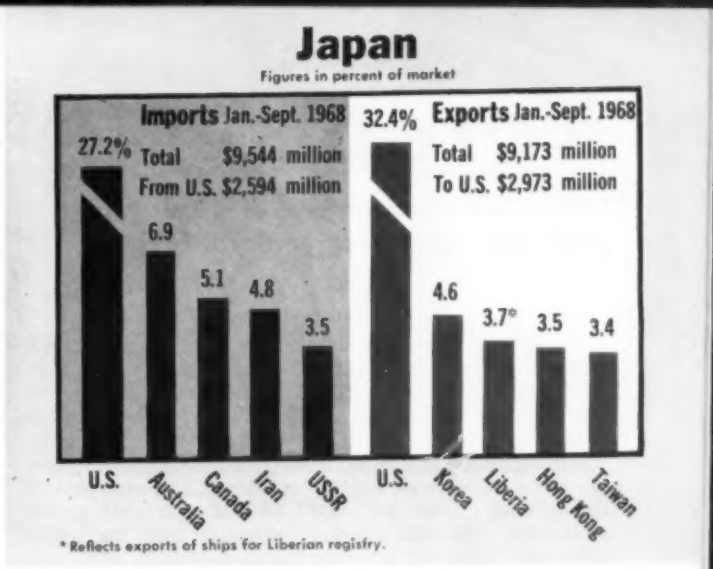
At the same time, however, Japan still quantitatively controls the imports of certain commodities of interest to U.S. suppliers. An encouraging development in this area was the announcement by the Japanese Cabinet on Dec. 17 that the Government would "immediately" conduct an extensive review of import-restricted items and "will carry out liberalization of a substantial number of items during the next two or three years" (see INTERNATIONAL COMMERCE, Dec. 30, 1968).

CHIEF JAPANESE IMPORTS FROM U.S.: machinery, chemicals, logs and lumber, soybeans, coal and coke, corn, wheat. CHIEF JAPANESE EXPORTS TO U.S.: machinery, iron and steel mill products, radio and television sets, textiles, motor vehicles, clothing, musical instruments.

Balance-of-payments surplus

As a result of a notable increase in exports and a greatly increased inflow of long-term capital, Japan's balance-of-payments position has improved remarkably despite the strong demand sustaining a relatively high import level. For Jan.-Oct. 1968, Japan's overall payments position was favorable by $733 million, representing a swing of $1.3 billion compared with the same period of 1967. Concomitantly, Japan's holding of gold and foreign exchange increased significantly, rising from $2.005 billion at the end of 1967 to a record $2.778 billion by the end of Nov. 1968.

The Department of Commerce is continuing its active trade promotional program in Japan. Through market research it has determined that the following categories offer good trade opportunities and has scheduled these shows at the U.S. Trade Center in Tokyo over the next several months: packaging equipment, industrial and scientific photographic equipment, analytical and laboratory equipment, and graphic arts. Other shows are under consideration. In addition, the United States is planning to participate in the Chemical Plant Engineering Exhibition, the Japan Electronics Show, and possibly others. Four industry trade missions are also tentatively scheduled to visit Japan during 1969.



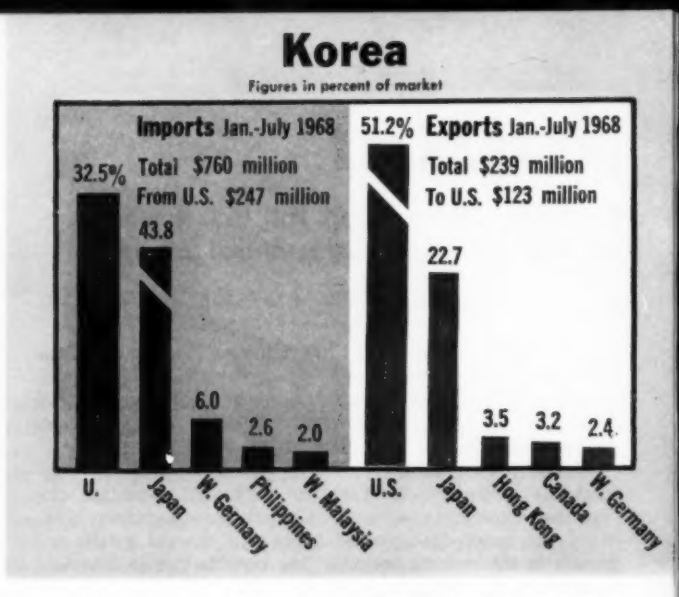
Korea

Nation achieved ambitious 1968 export goal, sets higher target for 1969

By TIMOTHY M. BARNICLE
Far Eastern Division, BIC

U.S. sales to Korea, up substantially in 1968, should again increase significantly this year as Korea's rapidly growing economy continues its expansion and overall imports continue to rise. The U.S. share of the market, however, may not change appreciably from the recent 32% level.

Expanding exports, rapidly rising industrial growth rates, increasing amounts of foreign investment, and expansion of the domestic market, will contribute to the projected growth of imports. Economic assistance, primarily from the United States and Japan, will also help finance imports in 1969.



It is estimated that Korean GNP totaled $4.1 billion in 1968, growing at a remarkably high rate of 12% in real terms during the year. This growth rate exceeded the target rate of 10%. An 11.7% target growth rate of GNP has been set for 1969 by the Korean Economic Planning Board.

Continued growth of trade

Korea substantially achieved its 1968 export goal of $500 million, a figure which represents a 56% increase over the previous year's performance. The Korean Government recently announced that the 1969 export target would be an ambitious $700 million. This was the export goal originally envisioned for 1971 in the Second Five Year Economic Development Plan.

As of September, Korean imports totaled $1 billion, a 53% increase over the same period in 1967. Machinery imports, valued at $240 million, accounted for 36.8% of total imports during the first six months of 1968 and registered a 76.8% increase over the first half of 1967. Total imports in 1968 are estimated at $1.35 billion and the 1969 total is expected to show a further significant rise.

The U.S. share of imports financed with Korean Government-owned foreign exchange (KFX) rose from 14.4% in 1966 to 20.8% in 1967 and amounted to 25.6% during the first six months of 1968. Contributing to this increase were growing imports of raw cotton, chemicals, steel scrap, industrial machinery, and sawlogs from the United States.

KFX imports are becoming increasingly more significant in the total import picture. Accounting for less than half of total imports in 1964, KFX-financed imports represented 63% of the value of all imports during the first six months of 1968. This trend is expected to continue in 1969. In terms of the total import market, the U.S. share increased slightly in 1968 to about 32% from the 1967 figure of 31%.

Industrial output continued its rapid expansion in 1968. The industrial production index (1965=100) increased from 153.2 in Sept. 1967 to 204.1 in the same month of 1968 for a rise of 33%. Production figures for Sept. 1968 showed increases of 34% in manufacturing, 27% in electricity, and 3% in mining over Dec. 1967.

Difficulties in expanding agricultural output continued in 1968 due to another year of severe drought. However, the Korean summer grain crop did register a 9% increase in output over the extremely low 1967 production level.

A U.S. Department of Commerce-sponsored Industrial Machinery Exhibition will be held in Korea, May 8-17. A market research study, undertaken in support of this exhibition, has identified equipment in the areas of packaging, food processing, metalworking and forming, testing and measuring, and plastics fabrication, and office machines and petrochemical industry equipment as having especially high potential for U.S. sales.

An overall market survey of Korea which will identify promising areas for U.S. sales and investment is currently under preparation. The Department of Commerce also plans to initiate a Sample Display Service for U.S. merchandise in Seoul during 1969.

KOREA'S CHIEF IMPORTS FROM U.S.: wheat, rice, raw cotton, non-electrical machinery, transport equipment, pulp, and barley. KOREA'S CHIEF EXPORTS TO U.S.: garments, plywood, wigs, electronic products, fish and fish preparations, footwear, and raw silk.

U.S. investment expanding

As of Sept. 30, U.S. firms had received approvals for 53 investments amounting to $63.6 million, or 75% of total foreign equity investments approved since 1962. Recent approvals by the Korean Government of U.S. investments include projects submitted by Cargill, Inc., Keystone Valve Corp., Applied Magnetic Corp., Continental Carbon Corp., Union Oil of California, and Kaiser Aluminum & Chemical Corp.

The Korean electronics industry has been especially attractive. Ten U.S. firms have received approvals to invest a total of $14.6 million in this industry since 1965.

Exports of electronics products from Korea have increased, largely as a result of these investments, from $1.4 million in 1965 to $4.3 million in 1967. Exports in 1968 were projected at $21 million and the Government's goal for 1971 is a value of $100 million. The high value-added ratio of electronics products, the labor-intensive nature of production, and the low fixed-capital investment ratio combine to produce a very favorable climate for the continued expansion of the industry.

Substantial participation in the proposed $185 million, twelve-plant petrochemical complex at Ulsan by U.S. firms is expected during 1969. The U.S. equity investments, under joint venture agreements, will be in naphtha cracking, polyethylene, caprolactam, acrylonitrile, vinylchloridemonomer (VCM) and styrene-butadiene rubber (SBR) plants.

Malaysia

Moderate trade gains foreseen with emphasis on capital goods

By JOHN E. WALSH
Far Eastern Division, BIC

Total Malaysian imports should continue to rise moderately during the coming year, with purchases from the United States following the same overall trend.

Increasing import demands are expected to be supported by a further intensification of efforts to strengthen the momentum behind Malaysia's industrialization plans and to assist in maintaining the country's relatively high standard of living. Selectivity, however, more than ever will be the keynote, with the buying accent on capital goods rather than consumer products.

During 1968 production across-the-board was reasonably favorable; in most instances, however, larger outputs of export goods were necessary to realize monetary returns comparable to previous recent periods because of still-depressed world prices. Performances allowed an increase in money supply and some recovery in net foreign exchange reserves.

GNP estimate up

Revised figures (still estimated) now place Malaysia's gross national product during 1967 at $3.2 billion, an increase of 3.9% in real terms over the previous year. The projected real increase in GNP for 1968 is still estimated at between 4-5%.

Electrical consumption at midyear was running 12% above the preceding year. Prices, which had begun a slight upward movement in 1967, peaked early in 1968 and thereafter declined somewhat. As additional evidence of its basic economic strength, Malaysia late in the year became the second Far Eastern country to accept the IMF's Article VIII obligations of non-imposition of restrictions on international monetary transfers.

In view of the scheduled British forces pullout by the close of 1971, Malaysia has no choice but to increase progressively its own defense expenditures. Accordingly, all ministries now drawing up their estimates for the 1969 budget have the same object in common—economy. This follows a firm directive from the National Treasury to prune expenditures to the bone. In slashing all wasteful and unnecessary expenditures, it is hoped that no sizable tax increase next year will be necessary, particularly since it will be an election year. Nevertheless, knowledgeable sources predict at least a slight increase in development expenditures.

According to preliminary statistics for West Malaysia (figures into 1968 are not yet available for East Malaysia, consisting of Sabah and Sarawak), during the first four months of 1968 exports amounted to $321 million and imports $285 million, reflecting very little change compared with figures for the corresponding period of 1967. These statistics show the United States supplying $18 million, or 6.3% of total imports, and taking $60 million, or 18.7% of exports. The United States was a close second to Singapore among leading customers, and was again the seventh-ranking supplier.

Based on the Census Bureau data, U.S. imports from Malaysia—mainly tin and rubber shipments—in the first ten months of 1968 amounted to $195 million, or 25.9% above the comparable 1967 figure.

Imports from U.S. rise

U.S. exports to Malaysia in the same period amounted to $45.6 million, reflecting a 22.2% increase above the comparable 1967 figure and reversing the declining trend that the 1967 figure had represented. Largely responsible for this reversal were the initial deliveries of commercial aircraft and parts under an Eximbank line of credit. Also continuing as major items in the trade were tractors and parts, construction equipment, cooling equipment, and raw tobacco. Considerable increases were also noted in shipments of mechanical handling machinery, power generating equipment, and chemicals, while shipments of foodstuffs lost ground.

Continued stiff competition for American products in the Malaysian market is expected primarily from suppliers in Japan, Australia, West Germany, and Mainland China. In addition, the United Kingdom, which in recent years had been losing some ground in its share of the Malaysian marketplace, has shown renewed, aggressive interest in that market through a series of recent top-level visits of British industrialists and business groups.

As Malaysia's relatively small but lucrative marketplace expands, moving as it does more and more from the former protected and tied markets into a commercial free-for-all, increased sales in most lines will call for increasingly aggressive salesmanship.

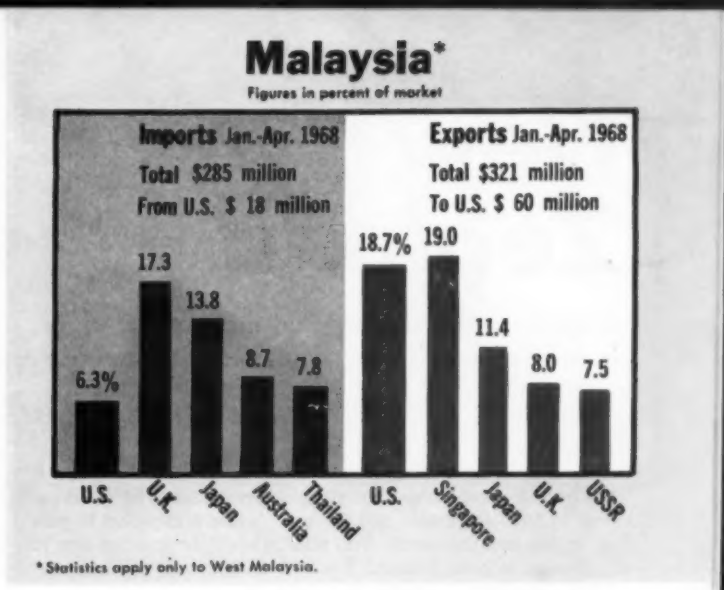
Financing important factor

This market has tended to be very price-conscious and heavily influenced by attractive financial terms, and such factors, if anything, should become even more decisive as to where the business goes.

In concert with the country's planning for expanded agricultural programs and the stimulation of private manufacturing and service ventures, opportunities are also on the increase for firms providing technical services and support assistance such as economic surveys and training materials and devices.

Sales prospects would seem to be better than ever for those manufacturers and representatives of U.S. firms who are seriously prepared to compete both in terms of credit and technical ability.

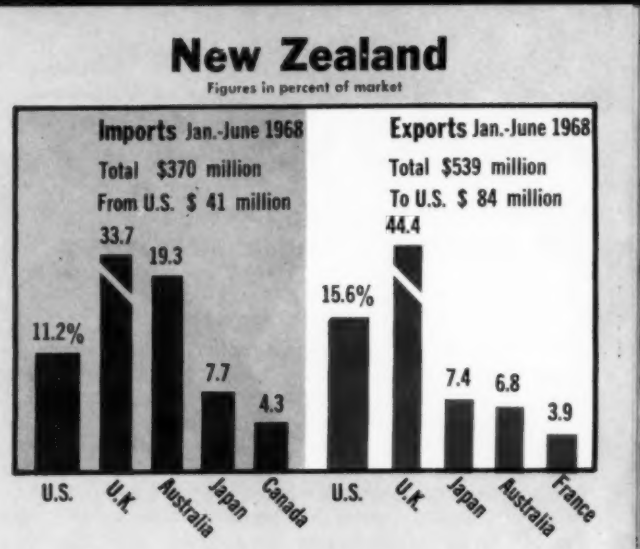
CHIEF MALAYSIAN IMPORTS FROM U.S.: general industrial machinery, mechanical handling machinery, commercial aircraft, motor vehicles, power generators, other non-electrical machinery, tobacco, petroleum products, and chemicals. **CHIEF MALAYSIAN EXPORTS TO U.S.:** tin, crude rubber, fish and products, timber products, canned fruit, textile goods.



New Zealand

Brighter outlook seen for the economy; industrial machinery sales should increase

By JOHN N. RANDOLPH, JR.
Far Eastern Division, BIC



Business confidence is more bullish in New Zealand than it has been for some time. The sluggish performance of the economy in 1967 has ended and the growth rate is expected to pick up in the months ahead. The result should be another rise in U.S. sales to New Zealand.

The economic outlook has been bolstered by a strong improvement in the balance-of-payments position. Auction prices for coarse carpet wool—New Zealand's specialty—have recovered from their slump that began in December of 1966. Many companies are expanding or replacing their production facilities, creating a market for a wide range of industrial machinery.

U.S. exporters who have previously bypassed this market may find this a propitious time to investigate possibilities in New Zealand.

The only dark cloud on the horizon is the Dec. 5 announcement that the Government was imposing additional sales taxes and tightening credit on the purchase of luxury items, imports of which had increased sharply in recent months.

Import liberalization

The Customs Department, on the other hand, has adopted a more liberal attitude toward the issuance of import licenses for necessary equipment and machinery. Many of these items are imported under individual licenses.

The entire import licensing system was substantially liberalized for the year beginning July 1, 1968. At that time, the Government projected that 50% of all imports by value would be exempt from import controls. However, recent estimates place the figure as high as 55%.

The Government has announced that it will abolish the import licensing system gradually and local industry will be afforded greater protection through the tariff, where deemed appropriate, to cushion the effect of freedom from quantitative controls.

The prospects for sales by new exporters to New Zealand are enhanced by import liberalization. Traditional channels of trade and distribution will gradually be fragmented allowing competition to play a bigger role in the import marketplace than it has heretofore.

Although the gross national product (GNP) in current prices increased 3.1% to $4.5 billion in the fiscal year ended Mar. 31, 1968, real GNP was estimated to have been about the same as the previous fiscal year or even to have declined slightly.

The fiscal and monetary restraints placed on the economy in early 1967 successfully slowed economic expansion. At that time, the current account deficit had reached alarming proportions necessitating the introduction of deflationary measures.

When New Zealand devalued its dollar 19.45% to the equivalent of US$1.12 a few days after the British devaluation, the combination of the economic restraints and the increased competitiveness of New Zealand products in world markets reversed the chronic balance-of-payments deficit position and monthly surpluses on current account began to appear in the first quarter of 1968.

For the year ended Sept. 30, 1968, the surplus in the trading account was $253.9 million. With non-merchandise or invisible transactions amounting to a $183.2 million deficit, the current account registered a $70.7 million surplus, as compared to a $151.9 million deficit the previous year.

CHIEF NEW ZEALAND IMPORTS FROM U.S.: aircraft, tobacco, organic chemicals, engines, crude fertilizer, plastics, tractors. CHIEF NEW ZEALAND EXPORTS to U.S.: beef, veal, wool, hides and skins, dairy products, shellfish.

U.S. exports to New Zealand for the first ten months of 1968 (according to U.S. Census data) were valued at $97.8 million, up 31.8% over the same period of 1967; however, a large part of the increase can be accounted for by purchases of civilian aircraft, which amounted to $30 million last year.

Import surge

The economic recovery in New Zealand is reflected in higher imports, both in value and volume. This surge in import demand was the major reason for the imposition of increased sales taxes and credit restraints on luxury purchases.

There is a growing interest in minerals exploration in New Zealand. Offshore drilling for oil is expanding and the potential of the South Island is attracting speculators. In some areas, applications for exploration rights have doubled from a year ago.

The best prospects for increased U.S. sales are in the areas of industrial equipment and chemicals. Many firms have had to postpone replacing existing facilities and purchasing raw materials, because of the Government's need to conserve scarce foreign exchange.

Since devaluation, official policy has encouraged efficient production by industry. Qualified industry sources estimate that 40% of installed machinery should be replaced.

A resurgence in new construction starts will create demand for many types of earthmoving and building machinery. Sophisticated U.S. office machinery is also a good seller but must be constantly promoted to offset competition from other sources. Higher income in the farm sector should facilitate sales of chemicals and crude fertilizers, but the market for most agricultural machinery is still saturated.

Philippines

Manufacturing lag, import restraints, tight credit reduce sales prospects

By MAURICE KOGON
Far Eastern Division, BIC

Although U.S. exports to the Philippines in 1968 approximated the peak figure of the previous year, exports in the latter months of 1968 were below the corresponding 1967 levels. The prospects are that the downward trend will continue in 1969 and that U.S. exports this year will be lower than in the two preceding ones.

Several factors account for the declining export pattern. First, the pace of industrial and infrastructure activity in the Philippines has slowed considerably in recent months. Owing to the tight credit policies in effect since July 1967, Philippine manufacturing output, which increased by 7.7% in 1966, rose by only 4.3% in 1967 and possibly by even less in 1968.

Government spending on public works projects has also been sharply reduced for lack of sufficient revenues. Cuts in the infrastructure program became necessary when the Congress failed to pass many of the tax measures requested by the administration in 1968.

If the credit restraints are not relaxed and no new taxes passed in 1969, a Philippine election year, then further declines in public works investment and the manufacturing growth rate may be in store. This would narrow the market for U.S. raw materials, machinery and transport equipment which traditionally account for the major portion of U.S. exports to the Philippines.

The import restraints which were imposed by the Philippine Government also contributed to the reduced U.S. export pace in 1968. For the past two years Philippine imports have greatly exceeded exports, putting heavy pressure on foreign exchange reserves. The Government had tried, as early as July 1967, to curb rapid import growth by requiring most imports to be financed by letter of credit, imposing advance margin deposits on all imports so financed, and by raising the cost of commercial credit to manufacturers and importers.

While these measures put a damper on manufacturing activity, they had little immediate effect on imports. The import surge continued unabated through most of 1968, and final data for that year may show the trade deficit to have surpassed the unprecedented $242 million deficit in 1967.

This alarming trend prompted the Government in June and October to apply even sterner measures to retard import growth. In June, the margin deposits were increased and the deposit time raised to 120 days. Previously, the deposits were returned to the importer on arrival of the goods, usually under 60 days. In October, an absolute ceiling was placed on the amount of credit that commercial banks could extend to traders for import financing.

Other controls

In addition to these restraints on merchandise imports, the Government also moved to control other activities utilizing foreign exchange. In November, the Central Bank required that (*a*) all foreign exchange receipts of Philippine residents must be sold to authorized agents of the Central Bank; (*b*) only authorized agents may deal in foreign exchange; (*c*) no person may export foreign exchange except as authorized by the Central Bank; and (*d*) no person may bring to or take from the Philippines more than 100 pesos ($25) in any form.

With these measures, the Government has restored most aspects of the exchange control regime that had been dismantled in 1962. Absent only is the pre-1962 import licensing system. However, the credit-rationing procedure adopted in October could serve much the same purpose in limiting the quantity of imports.

The combined effect of the import and exchange controls and the slackened industrial and infrastructure activity will almost certainly be a reduced import growth rate in 1969 and possibly a lower import level. It is not yet clear, however, whether the import decline will be sufficient to narrow the trade gap and permit an easing of the restrictions later in the year.

Philippine data for the first six months of 1968 show that imports increased by 11% over the corresponding 1967 period, to $610 million, while exports were up by 15%, to $421 million, with the trade deficit remaining unchanged. Imports from the United States during this period, at $200 million, fell off slightly, giving the United States a 32.8% share of the market, compared with 37.3% by the end of June 1967. Imports from Japan, the U.S.'s principal competitor, increased in line with overall imports, as that country maintained a market share of 27%.

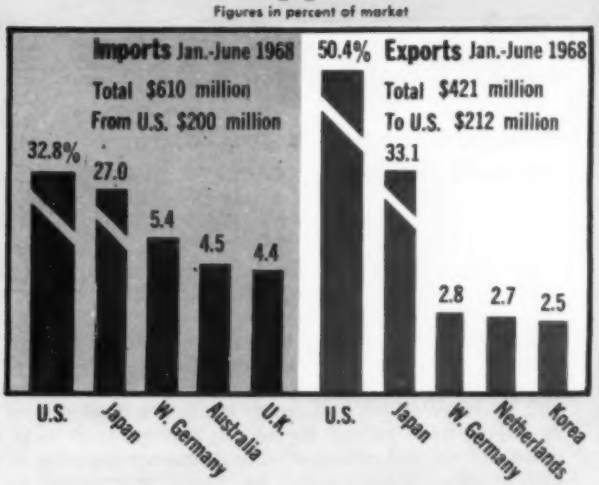
Although U.S. export data suggest a somewhat stronger U.S. position than the above data indicate, a declining pattern is also indicated. For example, U.S. exports of $375 million through October were only 4% above the corresponding 1967 level, but had been 16% higher at the end of May and 8% at the end of September.

The strongest U.S. performers in 1968 were wheat, cotton, chemicals, paper, power generating and agricultural and metalworking machinery, telecommunications apparatus, road motor vehicles, and aircraft. The greatest Philippine import demand in 1969 will continue to be in these areas, albeit at a somewhat lower level.

CHIEF PHILIPPINE IMPORTS FROM U.S.: non-electric machinery, transport equipment, electrical machinery, wheat, cotton, textiles, paper and paperboard, and chemicals. CHIEF PHILIPPINE EXPORTS TO U.S.: sugar, coconut products, plywood, clothing, abaca, canned pineapple.

Philippines

Figures in percent of market



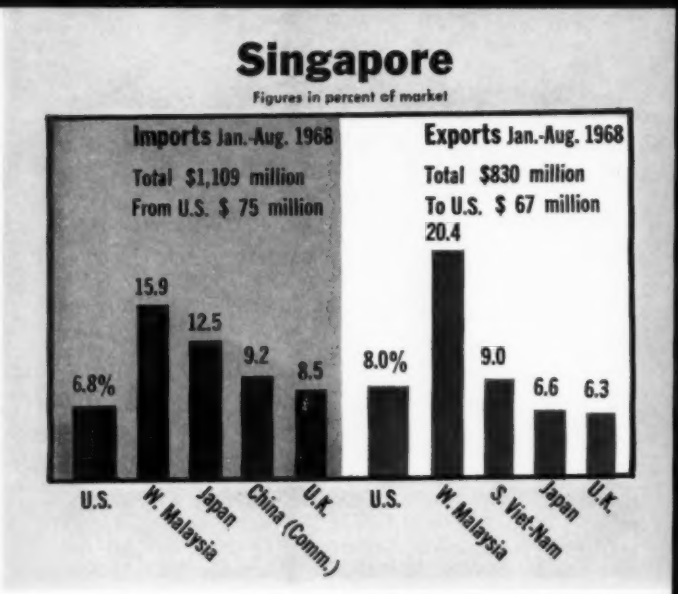
Singapore

Foreign trade levels stay high; regional marketing concept pushed

By JOHN E. WALSH
Far Eastern Division, BIC

An additional rise in the level of U.S. sales to Singapore is expected in 1969, although probably less than the sharp increase of the past year.

With the future beclouded by some uncertainties, Singapore's economy nevertheless remains buoyant and is registering noticeable progress. Total external trade in 1968 was again running at post-World War II record levels. The upward trend in its import trade reflects the country's program of light industrialization and extension of infrastructure facilities, areas that promise continuing and increasing opportunities for a widening range of U.S. interests.



A recent summary made by Singapore's Minister of Finance in presenting the state budget for fiscal 1969 reflects considerable optimism over the present state and future prospects of the economy. Among the meaningful economic indicators mentioned is an anticipated rate of increase in government revenue approximating 38% during the next fiscal period. New tax proposals are much milder than had been anticipated in most quarters, in view of this optimistic estimate of normal increases in revenues resulting from expanding economic activity. Gross Domestic Product increased by 7.7% in nominal terms in 1968, to an estimated $1,280 million. Gross capital formation also increased, by an estimated 17%, to around $200 million.

Total foreign trade in the first nine months of 1968 was 14.5% ahead of the comparable 1967 period. Cargo tonnage handled in port (now the world's fourth-busiest) during the same period was up a further 17%. Bank deposits were up 27%. Construction activity, although down slightly in terms of units, increased in value. Tourism was about 25% ahead of the 1967 performance, with hotel construction to accommodate the increasing visitors mushrooming. Electricity consumed by industrial and commercial enterprises in the first nine months of 1968 was up an impressive 26.5%, with construction of another new power station currently proceeding on schedule to keep ahead of demand.

In the first nine months of 1968 the consumer price index declined by 2.1% in contrast to a 3.4% rise in the comparable 1967 period, reflecting mainly a fall in food prices.

Singapore trade data for the first eight months of 1968 showed exports amounting to $830 million and imports of $1,109 million, increases of 11% and 16%, respectively, over the comparable 1967 period. These statistics show the United States supplying $75 million, or 6.8%, of total imports and taking $67 million, or 8%, of exports.

According to U.S. Census data, U.S. imports from Singapore in the first ten months of 1968 were valued at $21.1 million, a 61% jump over the comparable 1967 period.

U.S. exports to Singapore during the first ten months amounted to $79.9 million, a 46.6% increase over the comparable period in 1967. While sizeable increases were achieved in sales of general power generating machinery, road vehicles, cooling equipment, and construction machinery, by far the major increase was in commercial aircraft and related parts and equipment being delivered under an Eximbank line of credit.

Singapore remains deeply concerned with the need to soften the adverse impact of the accelerated British forces withdrawal. British base operations account for roughly 14% of gross domestic expenditure. The closing thus represents an important loss of income and will require shifts in expenditures to bolster Singapore's own defenses.

In order to fill the gap (which is expected to be partially compensated by aid from the United Kingdom), Singapore is determined to take full advantage of whatever few alternatives there are. Foremost in these endeavors is its intensified industrialization program, embellished with various tax-treatment incentives and other forms of assistance to new industries, particularly those which are export-oriented. Public policy throughout is clearly aimed at providing the most favorable climate for private investment, both local or foreign or in combination.

Hopefully, Singapore's exchange earnings and employment will be supplemented by further expanding its entrepot services and developing tourism and deep-sea fishing activities. However, its brightest prospect lies in the real potential to become the entire area's center of regional sales and distribution. Publicity is being stepped up markedly to acquaint potential investors with the various factors which Singapore offers within the framework of its highly attractive, hospitable investment climate: political stability; national determination to work; price and wage stability; sound currency; strategic location; honest administration; abundance of intelligent, educated, adaptable workers; high labor productivity; excellent transport facilities; and availability of considerable local capital.

The Government is actively taking streamlining steps intended to contribute to future rapid expansion of the economy. The energetic Economic Development Board has recently been relieved of its former financing and estate management functions, so it can concentrate more completely on attracting overseas investments, assisting investors in evaluating and establishing projects, and providing training facilities and technical services to industrial companies.

CHIEF SINGAPORE IMPORTS FROM U.S.: power generating machinery, motor vehicles, commercial aircraft and parts, construction machinery, cooling equipment, other non-electrical machinery, tobacco and cigarettes. CHIEF SINGAPORE EXPORTS TO U.S.: crude rubber, coffee, spices, cotton textiles, ships' stores, canned fruits, wood products.

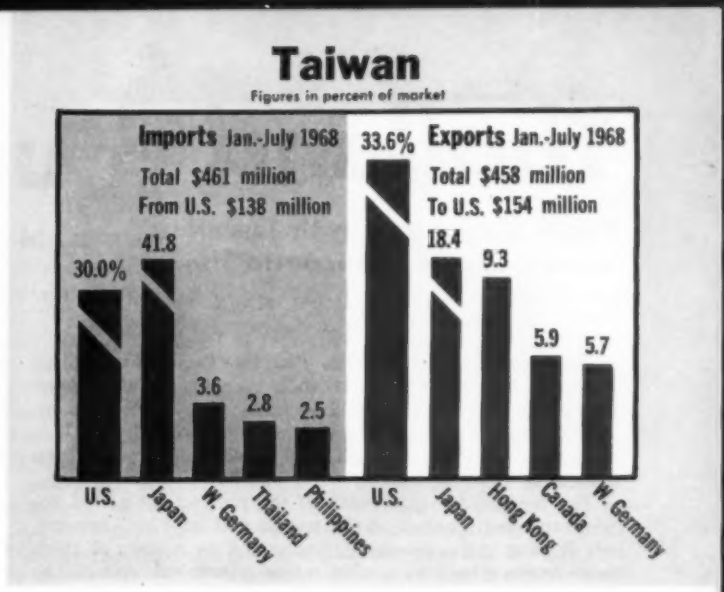
Taiwan

Fast-developing economy offers increasing import opportunities

By CHARLES A. CLARK
Far Eastern Division, BIC

Continued strong economic growth in Taiwan (Republic of China) is expected to sustain a rising level of imports in 1969. There are good prospects for U.S. exporters to increase their share of this fast-growing market, which imports a broad range of commodities to support the rapid pace of economic development.

Ample foreign exchange reserves, sound international credit standing, and a strong export position will enable Taiwan to finance a rising inflow of capital goods and raw materials for its rapidly expanding industrial sector.



The gross national product, estimated at $3.5 billion in 1967, increased by 9% in real terms over 1966. The growth rates registered by industry and agriculture in the first six months of 1968, 17.8% and 4% respectively, indicate that GNP is continuing to increase at a remarkably high rate. The target for 1969 is 7%. U.S. controls on overseas investment have had little immediate impact on the Taiwan economy. Manufacturing accounted for 20% of 1967 GNP, while agriculture accounted for 24%. Industrial products are now earning a major portion of foreign exchange receipts, and represented 60% of total exports in 1967.

Domestic purchasing power continues to grow. Per capita national income, which was $209 in 1967, has probably continued to rise at a rate near the 6% real increase registered in that year. In recent months there has been an acceleration in upward price movement, with the October wholesale and retail price indexes showing increases of 3.7% and 11.3%, respectively, over October 1967.

Business climate favorable

Business confidence in Taiwan is strong. In seeking to encourage expansion in the private sector, the Government looks with favor on foreign as well as domestic capital. Power, transportation, and communication facilities are being expanded substantially. Government policies directed toward achieving a sound balanced growth continue to improve the favorable trade and investment climate, which is complemented by the ample availability of reliable, easily trained, low-cost labor.

The steep rise in the rate of Taiwan's imports that began in 1963 continued through 1967. According to Taiwan customs data, imports in the first seven months of 1968 amounted to $461 million, up 5.4% from the $437 million registered in the first seven months of 1967. These figures showed that the U.S. share of Taiwan's imports in the first seven months of 1968 was $138 million, or 30% of the market, an increase of 1.4% over the corresponding period of 1967.

U.S. exporters face their strongest competitor in Japan, whose proximity gives it a natural advantage, but whose rising labor costs may affect its competitiveness in the future. As Taiwan's industry becomes more highly developed, the U.S. position as a supplier of capital goods in the Taiwan market may become relatively better, particularly if the U.S. exporter combines a transfer of technology with the shipment of his product.

The Government is aware of the desirability of streamlining its trade regulations and procedures, but changes are likely to be gradual. In the near future it does not appear that there will be major modifications in the present system of closely controlled exchange allocations and severe limitations on imports of less essential goods. However, most raw materials and capital goods will be readily importable.

CHIEF TAIWAN IMPORTS FROM U.S.: machinery and metal-working equipment, raw cotton, electronic components, wheat and beans, transport equipment, chemicals and pharmaceuticals, and iron, steel and other base metals. **CHIEF TAIWAN EXPORTS TO U.S.:** clothing, plywood, transistor radios and electronic components, sugar, canned mushrooms, canned pineapple, and plastic manufactures.

U.S. exports to Taiwan include a large proportion of raw materials such as cotton, wheat and soybeans, but machinery and electronic parts make up an increasingly large part of the total.

Rapid expansion of intermediate industries is enlarging the sales opportunities for metal working equipment, industrial control and scientific instruments, and equipment for the petrochemical and plastic industries. There are also favorable prospects for food processing and packaging machinery, construction equipment, and materials handling equipment.

U.S. electronics exports rise

Demand will continue strong for such developmental capital equipment as power generating machinery, pumps, switchgear, machine tools, and industrial instruments. The Taiwan electronics industry, in particular, has shown phenomenal growth since 1965. Although Japan offers keen competition as a supplier of electronic parts and components, U.S. exports of electronic materials to Taiwan in the first ten months of 1968 were valued at $32 million, up from $19 million in all of 1967.

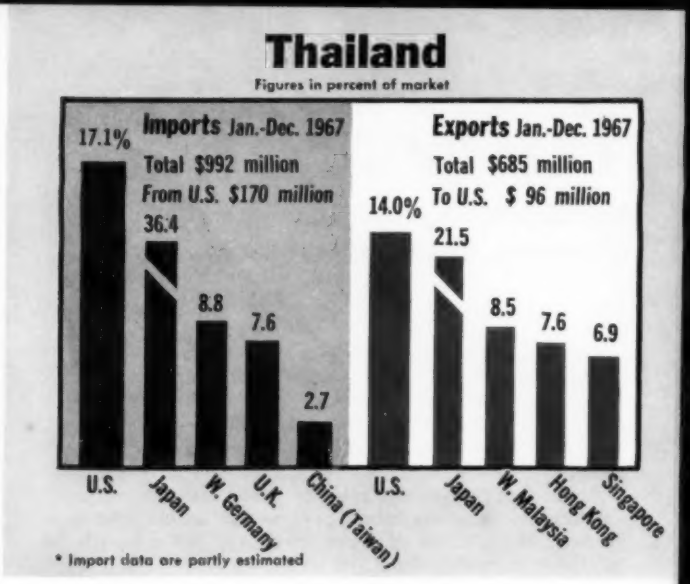
Because of offsetting capital inflow, the deficit Taiwan shows on its trade balance has not been a cause for concern. International reserves are above $400 million, sufficient to finance about six months of imports.

To maintain the interest in U.S. industrial machinery generated by the U.S. solo exhibit in the fall of 1967, a second commercial exhibition is being considered for Taipei. Exports of American machinery and equipment to Taiwan can be financed under a $5 million U.S. Export-Import Bank credit made available to two Chinese banks for sub-loans to industrial enterprises.

Thailand

Rapid economic growth resumes; imports should continue to rise

By RONALD D. FLACK
Far Eastern Division, BIC



Recovery from the economic effects of the 1967 drought is the main characteristic of Thailand's economy as businessmen look ahead to 1969. The likelihood is that the level of business activity will increase in the coming months, and that U.S. exports to Thailand this year will continue their significant expansion.

The rapid economic growth of the pre-drought period appears to have resumed in the second half of 1968. Imports, which grew at the slower rate in the first six months of 1968, have bounced back to a more robust growth rate and can be expected to continue their upward trend. Despite lower export levels in early 1968, the economy of Thailand remains strong.

GNP, which in 1967 amounted to $5.2 billion, grew by 4.9% in real terms in that year. Estimates indicate a higher growth rate in 1968, possibly 7.5%, which would still be less than the targeted rate of 8.5% under the Second Five Year Plan but nevertheless a very healthy rate of growth. The Plan projects an 8.5% yearly rate of growth for the period 1967-71.

Sales prospects good

The outlook for increased sales of U.S. products in 1969 is very good. As the economy resumes its former pace local businessmen appear confident that the inhibiting effects of the 1967 drought on the economy are wearing off. Although competition has never been tougher than at present, particularly with respect to prices and terms, enterprising U.S. traders can expect substantial sales gains in the Thai market.

In contrast to the leveling off of prices in 1967, high government spending and increasing business activity are creating pressures on prices, causing them to creep up. The consumer price index in June was 4.6% above the June 1967 figure. Much of this increase was due to increases in the prices of pork and bus fares in April. The government, however, has taken action to try to lower these prices.

Thailand's imports reached a total of $992 million in 1967. Of this total, $170 million or about 17.1% came from the U.S. Indications point toward a continued strong upward trend for imports, although the 28% rate of growth for U.S. sales in 1967 (according to U.S. data) will most likely not be matched.

U.S. Census data show U.S. exports to Thailand for January through October at $154.1 million, or up 14.9% over the same period of 1967. (These figures exclude special category and other military-related shipments.) Major U.S. exports in 1968 were machinery and appliances, unmanufactured tobacco, road motor vehicles, cotton, and agricultural equipment. Machinery of all kinds and road motor vehicles constitute over one quarter of all U.S. exports to Thailand.

In the past year, Thailand has significantly reduced the number of items for which import licenses are required. Only 24 items are now under control. By raising the import duty on these items it was felt that local industry would be sufficiently protected that the import license requirement might be removed.

Sales potential high

Although agriculture is still the largest sector of the Thai economy, much of the impressive growth in GNP can be attributed to the rapidly developing manufacturing, construction, and trade and service sectors of the economy. Thus, potential for sales growth is particularly high in such product categories as mining equipment, textile machinery, construction supplies such as builders hardware and electrical construction supplies, air conditioning equipment, business machines, and office equipment. Aggressive U.S. traders should set impressive sales records.

THAILAND'S CHIEF IMPORTS FROM U.S.: machinery, unmanufactured tobacco, road motor vehicles, cotton, telecommunication equipment, paper and paperboard. **THAILAND'S CHIEF EXPORTS TO U.S.:** tin and tin residues, crude rubber, tapioca and cassava, kapok, precious and semi-precious stones, shrimp.

Thai export levels in 1968 were down as a result of the 1967 drought. In spite of this, Thailand's gold and foreign exchange reserves have remained stable, showing a mere 1% decrease from September 1967 to the September 1968 figure of $901.2 million. Hence, the country's reserve picture remains strong. During 1969 Thailand could comfortably draw on its reserves, if need be, to cover any deficit in the balance of payments.

The balance of payments in 1967 was in surplus by only $61 million and indications are that the 1968 figure was probably close to that of 1967. While imports are rising, exports were down about 20% for the first six months of 1968, signifying a larger trade deficit than in 1967. However, earnings from U.S. military expenditures and tourism, and new foreign investments continue to cover the deficit and strengthen Thailand's foreign exchange.

A number of shows are scheduled for the U.S. Trade Center in Bangkok during the coming months. A U.S. export credit seminar will be held Feb. 24-28. This seminar is part of the broad new program designed to aid U.S. businessmen in selling in the Thai market. In addition, plans are proceeding for a data processing equipment show and seminar in June.

A new Treaty of Amity and Economic Relations between Thailand and the United States became effective on June 8, one month after the formal exchange of the instruments of ratification in Washington. This is a further manifestation of the favorable trade and investment climate prevailing in Thailand. Investment incentives, including extended tax holidays and tariff protection, are available to investors in specified industries.

Near East-South Asia

Gains in U.S. commercial sales to area should balance off fall in AID-backed exports

By DAVID WESTLEY
Near East-South Asia Division, BIC

The total 1968 value of U.S. exports to the Near East-South Asia was 5% below the 1967 total of $2,563 million and is expected to improve only slightly in 1969. During the new year, gains in commercial sales, based largely upon developmental expenditures and rising oil incomes, should just about balance off lower aid levels, increased competition, and bilateral trading arrangements. Any major upsurge-or-downturn during the next 12 months would seem dependent upon political developments in the area.

U.S. exports of $1,979.6 million in the first ten months of 1968 point to an annual figure of about $2,434 million, compared with shipments valued at $2,135.6 million in Jan.-Oct. 1967 and total 1967 exports of $2,563 million. Sharp declines in sales to India and Pakistan, primarily the result of reduced flows of aid to both countries and, to a lesser extent, from depressed business conditions in India, more than offset sales gains in many countries elsewhere in the region.

Exports to India and Pakistan, which together accounted for more than half of all U.S. exports to the Near East and South Asia in 1967, declined by 26% and 17% respectively, and those to the United Arab Republic fell off by almost a third. Shipments to Kuwait in the first ten months were off by nearly one-fourth, but commercial aircraft deliveries before the end of the year should maintain sales for the year at about the 1967 level. A whopping 51% increase in sales to Israel to a record $230.1 million was a bright spot in the ten-month 1968 figures, along with significant increases in sales to Iran (15%), Turkey (7%), and Saudi Arabia (9%).

U.S. shipments hold

In 1969, U.S. shipments to India should bottom out near the 1968 bench-mark. Despite reduced U.S. economic aid levels, a good agricultural year and a general pickup in business conditions should keep effective import demand at or above present levels. Because of a substantial reduction in the need for imported foodgrains, along with lower foreign availabilities, Pakistan's imports are expected to slide still further in 1969, in all likelihood accompanied by a cut in the present U.S. share of the market.

In the case of Turkey, another country where U.S. economic aid levels exert the major influence on the trend of U.S. exports, an upswing in commercially-financed purchases is expected to make up for declines in U.S. aid-financed shipments.

Further gains are anticipated in U.S. sales to prosperous Israel and Iran during the coming months, as the former's phenomenal growth rate continues well over 10% and the latter's new $10.8 billion development plan, largely financed by oil revenues, gets well underway.

The 1969 outlook in two other major oil producers and U.S. markets in the region, Saudi Arabia and Kuwait, varies somewhat. While U.S. sales to Saudi Arabia may grow at a slower rate than before, the 1969 total should surpass the $200 million mark, spurred by higher development expenditures and record oil revenues.

U.S. chief supplier

After topping the $100 million level in 1967 and 1968, U.S. exports to Kuwait are likely to decline in 1969. While we remain Kuwait's chief supplier, Kuwaiti import statistics for the first six months of 1968 show the first contraction in the U.S. share of the market in five years—from 22% down to 19%. Lack of success by U.S. firms in bidding for major projects, plus a long-term decline in sales of foodstuffs, light appliances, cigarettes, and other manufactured goods have been chiefly responsible for the drop. In spite of increasing competition, nevertheless, the Government's $881 million, five-year development plan (1967-72) and continuing consumer and industrial needs offer an expanding market potential for U.S. suppliers willing and able to cultivate the market and offer competitive prices, financial arrangements, and delivery terms. Good advice in every market!

The slide in our exports to the UAR appears to have reached basement level in the last part of 1967 and early in 1968. Based upon performance in the latter part of last year, sales in 1969 should continue a gradual upward climb. Oil production prospects in the UAR are especially encouraging over the long pull.

Another country which has had some rough going in the post-Arab-Israeli-war period is Lebanon. Here again the outlook is for a modest increase in U.S. sales as the country readjusts from the blows to its previously-booming tourist industry and begins to emerge from its prolonged financial crisis.

One of the more favorable 1968 sales reports comes from the Arabian Peninsula states, where U.S. exports jumped from $26.7 million in 1966 to an estimated $50 million. In addition to the maintenance of a strong demand for all kinds of consumer products, including air conditioners and automobiles, development plans are being implemented which will increase the market for such things as construction and mining machinery and mechanical handling equipment. Rapidly-increasing purchasing power resulting from rising oil income in the Trucial Sheikhdom of Abu Dhabi—estimated at $180 million last year—and, to a lesser extent in Qatar, is largely responsible for the upward surge. Another of the Trucial States, Dubai, is to begin important commercial oil production early this year, while rising oil output in nearby Muscat and Oman also promises good sales prospects, especially for developmental goods.

Jordan imports down

Jordanian imports have not fallen off as much since 1967 as might have been expected, but their composition has shifted away from capital equipment, consumer durables, and other formerly significant U.S. export items. U.S. shipments to Jordan in Jan.-Oct. 1968 totaled $21.5 million compared with $28.8 million in calendar year 1967 and $48.2 million in 1966. Sales opportunities in Jordan are expected to remain relatively scarce as the economy marks time pending some kind of political settlement in the area.

The outlook for U.S. products in Syria, Iraq, Yemen, and Southern Yemen remains generally unfavorable, largely as a result of official attitudes, and sales of U.S. goods and services seem likely to decline further in 1969.

Liberalization of import control in Ceylon during 1968 offers improved market access. Many types of industrial machinery, components, and raw materials previously subject to strict quota licensing now are on Open General License, thus opening the field to new importers without established supplier contacts. Sales in the first ten months of 1968 totaled $17.5 million.

India

Second straight record crop expected; imports level off, but U.S. holds share

By CELIA HERMAN
Near East-South Asia Division, BIC

India's imports in 1969 are expected to level off at the totals reached in 1968, and little change is expected in the U.S. share of the market.

The steadiness in the import total stems from various factors. A second record crop year in a row is in the offing and is expected to lead to lower import requirements for foodgrain consumption. Although the improving economic picture may be reflected in rising demand for imports of industrial goods and raw materials, lower foreign aid receipts will act as a restraint on import levels. As far as trade with the United States is concerned, aid in the pipeline should help to keep the U.S. share up in 1969.

India's gross national product for the fiscal year which ended March 31 was $43.7 billion (at constant 1967-68 market prices), a gain of 10.4% over the preceding year. Per capita GNP was estimated at $84 (up from $78 in 1966-67), based on a population estimate of 514 million. Estimates for 1968-69 predict a 3.7% rise in GNP to $45.3 billion, with per capita GNP at $85.

Big farm news

The big news is that agriculture, the mainstay of the economy, is heading for another record year. Substantial fall rains prompted the Food Minister to state publicly that foodgrain production in 1968-69 might exceed last year's all time record of 95.6 million tons. Summer grain production was estimated at 64 million metric tons, only one million tons below last year. Generally good soil conditions attended the planting of winter grains. Some 14 million acres are to be planted with high yielding varieties of seeds, largely wheat, against 10 million acres in 1967-68. The Government is making special efforts to ensure that timely and adequate supplies of fertilizers are available to farmers in the principal wheat producing areas. One sad note in agriculture was damage done by floods in eastern India to tea and jute crops, important export industries.

The business outlook as a whole is better than it has been for some years. Despite low investment outlays which characterized the past three years, industrial production is moving up significantly. New orders, both domestic and foreign, are beginning to pull industry out of the doldrums. Food processing, chemicals, pharmaceuticals, electrical, consumer goods, and transport industries are the pace-setters. Capital goods have not yet revived and many producers are suffering from raw material shortages and lagging demand.

Announcement of the long delayed Fourth Five-Year Plan is expected early in 1969. The current Annual Plan, which runs until March 31, calls for an outlay of $3 billion, to be supplemented by private investment. Proportionately larger development outlays may be possible during the Fourth Plan owing to favorable price developments in key commodities. The wholesale price index in mid-October was about at the 1967 peak level, but food articles were 4% lower and were expected to follow seasonal patterns and decline more or less steadily over the next five months. Despite increases in raw material prices, notably jute and oilseeds, the index for all commodities was expected to follow food prices downward.

Indian trade statistics for Jan.-July reported a slight decline in imports and an increase in the U.S. share from the same period in 1967. Later U.S. statistics indicate that U.S. sales to India in 1968 dropped off sharply for the first time in several years. Nevertheless, the United States continues to lead as exporter to India, holding its share of the market at approximately 36%. Lower shipments of foodgrains, raw cotton, vegetable and animal oils, petroleum products, power generating machinery, machine tools, electric power equipment, and railway vehicles accounted for most of the decline. Sales of fertilizers, manufactured materials, motor vehicles and aircraft and parts held up.

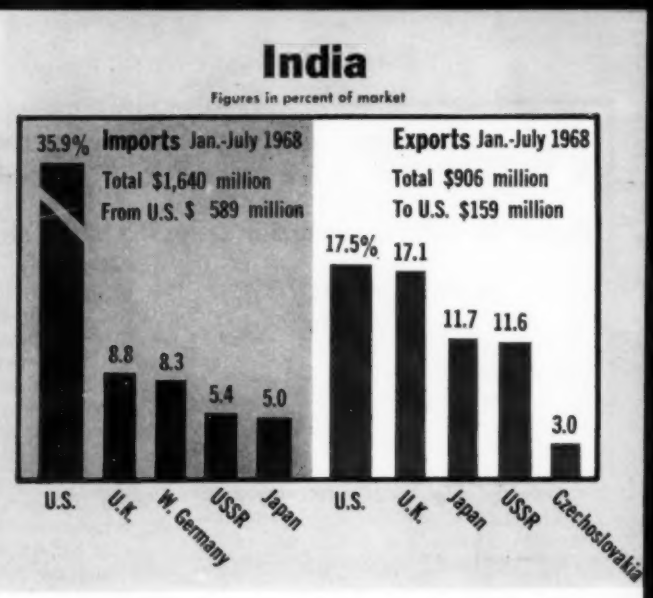
India's import policy for the fiscal year ending March 31 provides liberal import licensing of raw materials and components for 59 priority industries. In an announcement issued at the end of November, the Government indicated it would facilitate allocations of foreign exchange for 26 key and 48 priority industries in which investment is being encouraged. There is still a banned list of imports for which domestic availability is considered adequate.

INDIA'S CHIEF IMPORTS FROM U.S.: grains, fertilizers, machinery, cotton, transport equipment, nonferrous metals, and lube oils. INDIA'S CHIEF EXPORTS TO U.S.: jute and cotton fabrics, cashew nuts, tea, sugar, shellfish, precious and semi-precious stones, and gums and lac.

Fertilizer needed

In keeping with India's developmental objectives, fertilizers, pesticides and agricultural commodities will continue to receive top import priority and offer the best opportunities for sales. Fertilizer imports alone are expected to exceed $1 billion in the three-year period ending March 31, 1971. Other promising sales categories are specialized machine tools, food processing machinery, certain agricultural machinery and components, lubricating oils, chemicals, and aircraft.

Non-project assistance from the World Bank's Aid-to-India Consortium continued below estimated requirements. Contributions for 1968-69 will total about $500 million, including $100 million for debt relief. The U.S. share will be about 50%.



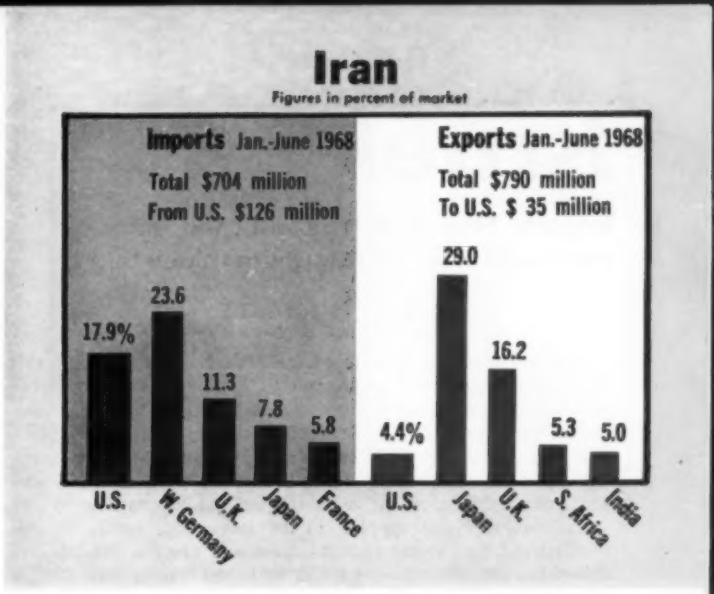
Iran

Booming economy boosts foreign trade; USSR, East Europe competition grows

By JOHN M. PERRY
Near East-South Asia Division, BIC

Trade with Iran will continue to increase in 1969 as the Iranian economy, fueled by rising oil income, surges to new highs in the years ahead. Iran's imports, which have doubled in value in the past four years, are expected to continue expanding under the ambitious development program now in progress.

American exporters should maintain around 17% of the market with exports to Iran approaching $290 million in 1969, but thereafter the U.S. share will probably decrease somewhat. American exporters will continue to meet keen competition from other free-world suppliers and increasingly from East Europe and the USSR.



Oil is the "open sesame" to a prosperous economic future for Iran, comprising the country's main export and accounting for three-quarters of its foreign exchange earnings. Most of the oil income is used to finance imports of capital goods and equipment for projects under the Fourth Development Plan, 1968-73 (Trade and investment opportunities under the Plan were reported in INTERNATIONAL COMMERCE, Dec. 2).

Iran's gross national product grew 11% during the Iranian year that ended March 20, 1968, to $7 billion. All signs point to a continuation of this remarkable growth rate so that the GNP will reach $7.7 billion by the end of the first quarter of 1969. To date the growth has been largely in real terms for the average Iranian, as prices of basic items have held fairly stable. The official cost of living index rose less than 1% during the past fiscal year. (Positive implications for U.S. traders were highlighted in INTERNATIONAL COMMERCE, Dec. 16).

The business atmosphere in Iran today is lively and expansive—the outlook for the future bright. Former Governor Scranton on hs recent trip to Iran was impressed by its "bubbling prosperity." Iranian Government and business leaders confidently assert that Iran is approaching the take-off point when investment becomes self-renewing. Public investment in infrastructure development is stimulating increased private enterprise.

Political stability, land reform, and improved educational opportunities are encouraging the growth of a productive middle class with more money to spend. Both new landholders and former landlords are using modern methods to get more yield from smaller holdings. Some dispossessed landowners are investing their compensation money in industry.

The major new factor affecting the competitive position of U.S. exporters is the series of barter agreements signed in the past year or two by Iran with the Soviet and East European governments. Credits totaling $1 billion have been extended to Iran by these countries for purchases of their machinery and equipment, which will adversely affect some U.S. exports. West German, British and Japanese suppliers continue to compete strongly in the Iranian market.

U.S. exports up again

U.S. exports to Iran for January through October were valued at $221.5 million, up 15% from $192.1 million in the same period of 1967. Imports from Iran dropped 2% to $72.4 million, from $74 million. The United States maintained its position as Iran's second supplier after West Germany, with the United Kingdom and Japan in third and fourth place.

Industrial and electrical machinery and transport equipment were the main American exports. Included were substantial aircraft as well as automotive sales. Oil and oil products accounted for about half of our imports from Iran.

The most promising prospects for American exports to Iran are capital goods, particularly specialized machinery for new industrial plants, and equipment for infrastructure projects under the Fourth Plan. These include agricultural chemicals; construction, mining, and agricultural equipment; electric power generating and transmitting apparatus; food processing machinery; oil field equipment; telecommunications items; textile machines; and transportation equipment.

Iran's limited free foreign exchange reserves declined sharply during 1968 and were only $30 million by September. Export earnings did not rise as rapidly as import expenditures. Moves taken by the Central Bank to tighten credit and check the expansion of commercial imports are expected to help correct the imbalance.

CHIEF IRANIAN IMPORTS FROM U.S.: motor vehicles, aircraft, pumps, construction and mining machinery, internal combustion engines, electrical apparatus, medicines and pharmaceuticals. **CHIEF IRANIAN EXPORTS TO U.S.:** oil and oil products, hides and skins, carpets and rugs, fruits and nuts, gum and resins, wool and animal hair, fish preparations.

U.S. to be in Fair

The U.S. Government will participate in the Second Asian International Trade Fair which will be held in Tehran Oct. 5-24. The Commerce Department will mount a commercial exhibition in a 1,000-square-meter outdoor area where interested U.S. firms can display construction, materials handling, mining, and agricultural equipment. Office and lounge space will be provided for businessmen in the U.S. pavilion to be erected by the U.S. Information Agency.

The prevailing investment climate in Iran is favorable. The Iranian Government recently summed up its attitude as follows: foreign investment and know-how that may contribute to industrial development is welcome. Licenses are granted selectively, depending on the nature of the proposed enterprise. In joint ventures foreign ownership should not exceed 49%. Managerial control, however, has been permitted in certain joint ventures.

Israel

Imports from U.S. rise sharply; continued economic growth likely

By JOHN EDWARDS
Near East-South Asia Division, BIC

U.S. sales to the booming Israeli market will continue to increase through 1969. Although that country's import purchases will not rise at the phenomenal 40% rate of increase which they registered during the first nine months of 1968 over the comparable 1967 period, a growth of 15% in imports during 1969 is not unlikely. The U.S. share of the market has remained stable in recent years and we should continue to be Israel's number one supplier in the foreseeable future.

Bolstered by several factors—including massive capital inflow from abroad following the Arab-Israeli war in June 1967, a very high rate of economic growth, efforts at trade liberalization and a concentration on selected industries as the best targets for development—Israel has made heavy, but selective, purchases from abroad during the past twelve months.

Prices, wages are stable

The country's Gross National Product is estimated to have reached $4.4 billion in real prices in 1968—an increase of 12% over the 1967 figure. The aim of the present administration is to continue this rapid expansion through an increase of the GNP by 11% in 1969 and by a minimum of 9% in each of the following two years.

In an effort to prevent inflation, agreement between the labor federations and the government has sharply curtailed wage increases, and efforts have been made to liberalize Israel's import restrictions so as to maintain a stable price level. These efforts have been successful in that neither wage nor price increases during 1968 exceeded 3%.

Most Israeli businessmen are confident that the government has solved the persistent problem of maintaining high growth rates without inflation. For this reason and because of the generally favorable conditions of the Israeli economy, substantial investments are likely to be made in industry, transportation and tourist facilities.

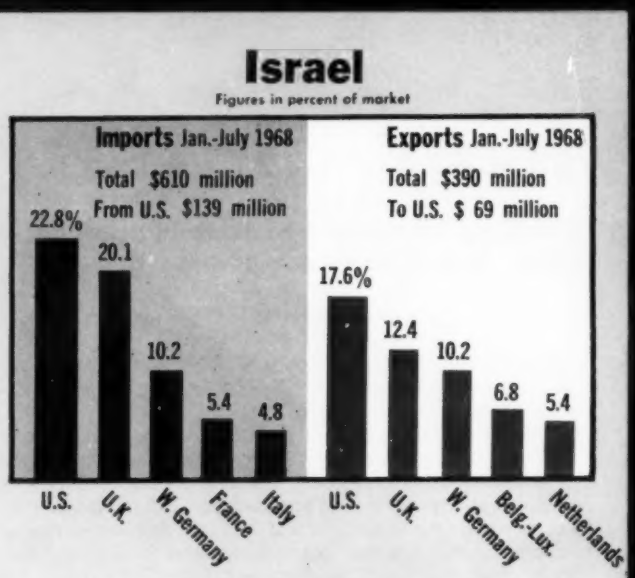
Capital equipment emphasized

Significant increases in the importation during 1968 of chemicals, finished lumber, rubber, yarn of man-made fibers, crude diamonds, iron and steel sheets and, excavating, metal-working, textile and electrical machinery demonstrate that the Israeli market—where consumer goods account for only 10% of total imports—is wide open to American producers of items necessary for the country's industrial development. Other commodities expected to show excellent growth are restaurant and hotel equipment, telecommunications equipment, medical equipment and aircraft.

Imports from the United States during the first seven months of 1968 were $139 million, or about 23% of the $610 million total. While this percentage is down slightly from the 25% share which U.S. exporters garnered in 1967, unusually large purchases of iron and steel and steel products from Europe distort the figures slightly. It is believed, however, that most of these purchases were "one time" shipments for the construction of a 42-inch oil pipeline which is to extend from Eilat on the Gulf of Aqaba to Israel's southern coast on the Mediterranean. Although final figures are not yet available, it is likely that the U.S. share for the entire year was near 25%, and this percentage should be maintained through 1969.

Israel's desire to reduce its traditional trade deficit has resulted in renewed government efforts to rationalize the country's industry by shifting resources to those selected industries (electronic, chemicals, textiles) which offer the best prospects for maximum export growth. Concurrently, several steps have been taken to expose Israel's industry to foreign competition and thereby to increase its efficiency. Tariff reductions took effect on Oct. 1 and Jan. 1, with the largest cuts coming in those areas which had been most heavily protected. In addition, administrative regulations, which formerly restricted the import of a large number of items, have been reduced in scope. It should be noted, however, that the trend has been to replace such administrative restrictions with high tariffs.

ISRAEL'S MAJOR IMPORTS FROM THE U.S.: cereal grains, soybeans, passenger cars and trucks, telecommunications equipment, electric-powered machinery, kraft paper and paperboard, and aircraft. **ISRAEL'S MAJOR EXPORTS TO THE U.S.:** diamonds, clothing of textiles, yarn and thread, leather clothing and accessories, oranges, artworks and antiques, and rubber tires and tubes.



Excellent opportunities

Excellent opportunities are available for U.S. manufacturers of equipment for the production of electronics products, food processing equipment, packaging equipment, metal-working machinery and other capital goods required for the development of the preferred industries. Chemicals and paper products are other categories which offer good prospects for U.S. business.

Although the per capita income in Israel is about $1,450 per year, consumer goods account for only 10% of the country's total imports, and the prospects for increased sales of such U.S. products are not bright at this time.

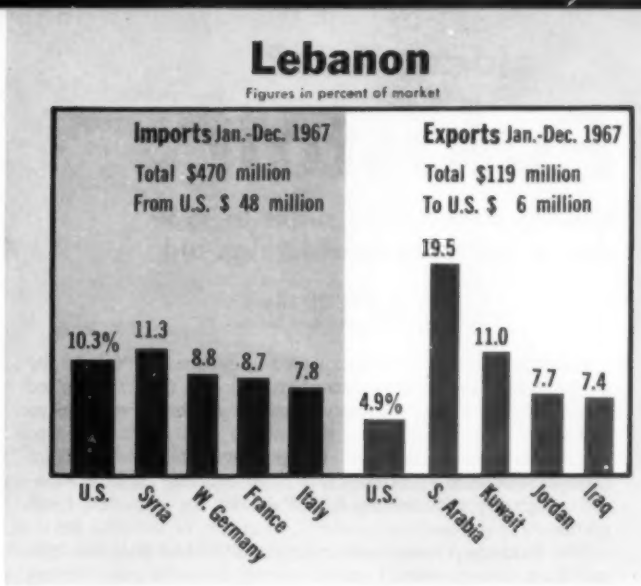
PL-480 finances imports

U.S. suppliers of wheat, feed grains, soybeans and corn should continue to enjoy sizeable sales in Israel during the next year. U.S. exports of these commodities, about $30 million of which were financed by the PL-480 program, amounted to just under $57 million in 1967—almost one-third of the total U.S. exports to Israel.

Lebanon

Economy shows signs of recovery; transit trade, light industry boom

By JOHN EDWARDS
Near East-South Asia Division



A modest gain in Lebanese imports is expected this year as the economy continues its adjustment to the conditions prevailing after the June 1967 war and recovers from a prolonged banking crisis.

Transit trade has boomed as shippers utilize Lebanese facilities to overcome the difficulties brought about by the closure of the Suez Canal. Another important result of the Canal's closure has been the rapid development of Lebanon's light industry. Exports of manufactured goods nearly doubled their 1967 performance during 1968.

Three areas which had been major contributors to the country's economic growth during the early and middle 1960's—banking, tourism and construction—have had varying degrees of success in adjusting to present conditions in the Near East.

Confidence in the Lebanese banking system had been shaken by the failure of two of the country's largest banks and the seeming inability of the system to halt the proliferation of small, shoestring enterprises. A continuing government program now has sharply reduced the number of banks by seizing the worst and allowing others either to merge, to convert into holding companies, or to liquidate voluntarily. The development of a government-supported deposit insurance scheme has also done much to allay the fears of depositors, and deposits had recovered to a level of $930 million in August of 1968—slightly less than the 1966 record high of $1.03 billion.

Tourism unexpectedly strong

Tourism has traditionally been a major source of revenue for Lebanon. In 1968, however, with access to the religious sites on the West Bank of the Jordan restricted and the continued tension in the area, there was a notable drop in the number of European and American visitors. Compared with the banner year of 1966, for example, the number of British, West German and American visitors was down 33%, 58% and 50% respectively during the first six months of last year.

The increase in the number of Arab travelers was sufficient to make up for this decline, however, and the Lebanese National Council of Tourism estimated revenue from tourism at $116 million—a record total—in 1968. It is not known how much of this revenue was hard currency, but hotel occupancy rates were surprisingly high, actually increasing in the luxury class and declining only slightly in the less-expensive 'one and two star' categories.

Those Lebanese businessmen who thrive as middlemen—coordinating trade between the Arab states and the West—and the numerous small manufacturers are experiencing record business and are quite confident of their prospects. For the construction firms and the merchants who concentrate on sales to European tourists, however, there is little improvement in sight.

Starts in construction have not yet recovered to their 1966 highs, and significant improvement is not foreseen in the immediate future.

Credit terms important

Lebanese imports during 1967 were $470 million—down over $50 million from the previous year. The U.S. percentage of the Lebanese market also fell in the same period, from 14% in 1966 to 10% in 1967, placing this country just behind Syria as the country's leading supplier. Since U.S. exports to Lebanon during the first ten months of 1968 exceeded total U.S. sales in all of 1967, it is likely that the United States regained the number one ranking as an import supplier last year.

LEBANON'S MAJOR IMPORTS FROM U.S.: passenger cars and trucks, wheat, flour, cigarettes, medicinal and pharmaceutical compounds, electric household appliances, and heating and cooling machinery. LEBANON'S MAJOR EXPORTS TO U.S.: hides and skins, unmanufactured tobacco, wool, travel goods, leather, art works, and printed matter.

The delivery of two Boeing 707 aircraft to Middle East Airlines during 1968 was the largest single sale. The financing of these planes was guaranteed by the Export-Import Bank. An American firm also won the contract for construction of a communications satellite earth station, with financing offered by Eximbank, and large scale wheat purchases were financed by the Commodity Credit Corporation.

There have been few changes in the pattern of Lebanon's import regulations and those changes which have been made are expected to have little influence on American sales.

Strong competition

The most notable characteristic of the Lebanese market is competition—in both price and quality. Almost anything will sell in Lebanon as long as suppliers are able to meet the price and credit terms of the competition. As the economy continues to recover, moreover, additional competition is to be expected from European and other—especially Japanese—suppliers.

Current prospects for increased U.S. sales to the country are strongest in the categories of electronics equipment, household appliances, motor vehicles, aircraft and air-conditioning equipment.

The Sample Display Service of the U.S. Embassy in Beirut provides an inexpensive and convenient method of securing agents for the Lebanese and Near East markets. The embassy also maintains a Regional Business Information Center and publishes a Commercial Newsletter in Arabic and English for distribution throughout Lebanon and other markets.

Pakistan

Imports expected to suffer in 1969 due to lower levels of foreign aid

By JOE LILL
Near East-South Asia Division, BIC

Pakistan's foreign trade is expected to decline in 1969, despite the growth of the country's economy. Imports from the United States could fall more sharply than those from the world at large.

This forecast is based on the prospect of lower levels of foreign assistance—particularly a large decrease in U.S. aid—and of greatly reduced need by Pakistan for imported foodgrains.

The Pakistan Government recently published statistics indicating an average annual growth rate at constant prices during the past decade of 5.5% in gross national product (GNP) and 2.9% in per capita GNP. Pakistan's GNP for fiscal year 1967-68, which ended June 30, 1968, has been estimated at $14.4 billion—up 8.3% from the previous year, and far in excess of the annual target rate of growth (6.5%) for the Third Five Year Plan ending June 1970. Per capita GNP (1966 prices) is $117.

Foodgrain production way up

A breakthrough has been made in foodgrain production. Final estimates for the 1967-68 crop year show wheat production at 6.4 million long tons, a whopping 47.4% increase, and rice production at 12.5 million long tons, a respectable 15.8% rise over the previous year. On Nov. 1 it was officially estimated that West Pakistan would have a foodgrain surplus of 1.3 million tons produced this year and East Pakistan, which experienced severe floods in the fall, a deficit of 950,000 tons.

Unfortunately, the picture is not as bright for some of the other crops. Sugar production in West Pakistan has fallen considerably and sharply rising prices have led the Government to impose sugar rationing. Tea production reportedly declined in 1968, and estimates also indicate some drop in jute production.

Businessmen enthusiastic

Exhilaration over the "green revolution" in foodgrain output is not confined to farmers and government planners. Businessmen are also benefiting by expanded sales to the farmer and by investing in agribusiness ventures. Their participation on this front is encouraged by official incentives including tax relief for poultry and cattle feed producers, manufacturers of specified agricultural machinery, and firms engaged exclusively in renting out machines for agricultural operations.

In 1967, Pakistan's total imports amounted to $1.101 billion, including $361 million worth of U.S. goods. U.S. statistics show American sales to Pakistan during Jan.-Oct. 1968 at $240 million, compared with $288 million for the same period of 1967.

Smaller foodgrain shipments during the 1968 period accounted for over 80% of the slippage. On the other hand, substantial sales gains were noted in raw cotton; chemical products and materials; metalworking, textile, and electric machinery; telecommunications equipment; and aircraft and parts.

Products having promising sales potential during the next six months include rice mills, grain storage facilities, construction equipment for the Tarbela Dam, fertilizers and pesticides, and combines, tractors, planters and other farm machinery.

Importers need credits

A Pakistani industrialist who needs to import a new machine must consider not only quality and price but also foreign exchange availability. It will probably be easier for him to obtain the required import permit if he can benefit from one of the development loans of a supplier country to Pakistan or arrange directly with a supplier for longer than medium term financing.

U.S. manufacturers can capture more of the Pakistani market by meeting the credit terms of their European and Japanese competitors. Available U.S. government financing should not be overlooked. For example, the Export-Import Bank has authorized a $5 million relending credit for edible oil extraction and other industrial equipment to the Pakistan Industrial Credit and Investment Corporation.

Preliminary estimates show a deficit of $665 million in Pakistan's balance of payments on goods and services account for fiscal year ending June 30, 1968, compared with deficits of $716 million in fiscal 1967 and $527 million in fiscal 1966. Foreign exchange holdings stood at $183 million in July 1968.

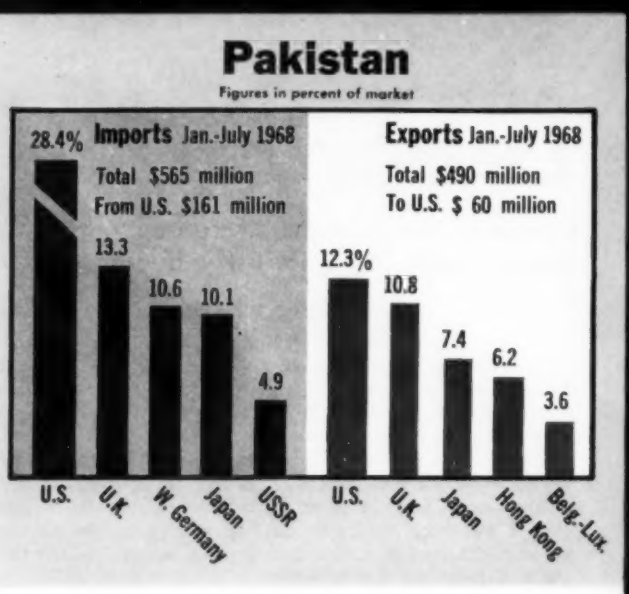
Consortium contribution

So far, the extent of assistance which is rendered annually by the International Bank for Reconstruction and Development's Aid-to-Pakistan Consortium has not been established, since the participating countries have not yet determined the amount of their contribution. According to the Pakistan press, however, by latest estimate, Consortium aid for fiscal 1969 would fall below $400 million—more than $150 million short of the amount recommended by the Consortium last May.

In October the International Monetary Fund approved a 12-month standby arrangement for drawings up to the equivalent of $75 million. Also, there are carryovers from aid committed by various countries in previous years that provide some cushion for import financing.

However, the anticipated lower level of new aid and shortage of foreign exchange seem likely to present a real constraint on Pakistani imports this year.

CHIEF PAKISTAN IMPORTS FROM U.S.: foodgrains, iron and steel products, vegetable oils, aircraft, machinery, fertilizers, road transport equipment. CHIEF PAKISTAN EXPORTS TO U.S.: jute and cotton textiles, raw jute, shellfish, wool, cotton, clothing, gums and resins.



Saudi Arabia

Oil revenues and new budget to speed economic activity, increase imports

By DAVID E. WESTLEY
Near East-South Asia Division, BIC

Saudi Arabia
Jan.–Oct. 1968

U.S. exports to Saudi Arabia
$47 million

U.S. imports from Saudi Arabia
$149 million

While U.S. exports to Saudi Arabia probably set another new record last year, the pace slowed somewhat in the second half of the year, a trend which is likely to continue into 1969.

The decline in the rate of U.S. sales was a reflection of a relative lull in new development spending during the fiscal year ending Sept. 1968, and greater competition from abroad for the Saudi dollar.

On the positive side, oil revenues have continued their upward trend and provide a solid basis for further expansion of the domestic economy and a concomitant demand for imported goods and services.

Following last year's postwar cutback in government spending, a new budget calling for a 12% hike in expenditures seems to promise a quickening in the country's pace of economic growth. Although the restrictive monetary and fiscal measures instituted last year in a successful effort to rationalize the country's fiscal procedures temporarily retarded the rate of economic activity, they have provided the basis for continued economic growth estimated to be in excess of 10% per year and resulted in an annual gross national product recently estimated at about $2 billion by Governor Anwar Ali of the Saudi Arabian Monetary Agency.

Development gets 40%

As in the past, Saudi defense expenditures account for the largest share of spending planned for the new year; however, approximately 40% of the record $1.23 billion budget is earmarked for economic development propects, most of which will require large inputs of imported goods and services.

In all, total project allocations in the new budget amount to $571 million (including an anticipated $77.8 million surplus) a 14% increase over last year.

The Ministry of Communications budget, which received the largest increase of any major ministry, totals $176.6 million, including $110.4 million for the Jidda and Dammam port expansion and other port and road projects. It also provides for a Telex system connecting the major Saudi cities, a coaxial cable to Kuwait, an automatic telephone system for the major centers, and a satellite communications ground station.

Another section of the Saudi budget is understood to make funds available to begin work on the $150 million Jidda and Riyadh airport projects scheduled to get underway this fiscal year.

Projects of special interest included in the $108.2 million Agriculture and Water budget for the new year include continuation of the irrigation and drainage program at the Al Hasa oasis and the King Faisal Bedouin Settlement Project at Harad. Reportedly, $4.3 million also has been allocated to complete the Jidda desalting plant and $1 million for the smaller Kafji plant.

The Interior Ministry budget includes $32 million for new municipal projects and $33.7 million for new and improved sewer systems for Jidda, Riyadh, Mecca, and Medina.

The most recent Saudi statistics available show that in 1967 the United States retained its dominant supplier position with about 24% of the market. Nearest competitors were West Germany with 9.8%, Japan with 8.6%, the U.K. 7.4%, Lebanon 6.8%, and Italy with 6.5%. There is evidence that the strong U.S. position gradually is being whittled away by the competition, especially Japan.

In the first ten months of 1968, the United States exported goods to Saudi Arabia valued at $149.3 million, compared with sales of $136.9 million during the same period of 1967 and totals of $169.1 million in calendar year 1967 and $152 million in 1966. In what appears to reflect a delayed reaction to Saudi Government measures designed to cool down the economy, as well as reflecting a wait-and-see, pre-budget period, U.S. sales to Saudi Arabia which were running at a monthly rate of $17.3 million in the first six months of 1968 averaged $11.8 million per month in the third quarter and amounted to only $4.7 million in October. It should be noted, however, that shipment of a few large machinery orders for one of the many ongoing Saudi projects could significantly change this picture.

CHIEF SAUDI IMPORTS FROM U.S.: aircraft, rice, cars and trucks, heating and cooling machinery, motor vehicle parts and accessories, wheat flour, pumps and centrifuges. CHIEF SAUDI EXPORTS TO U.S.: petroleum and products, fish and fish preparations, miscellaneous manufactured articles, printed matter, raw textile fibers, wool, chemicals.

Other good prospects

In addition to a clear superiority in the Saudi market for passenger cars, U.S. electronic equipment, construction and industrial machinery, air conditioners, freezers, refrigerators, and coolers, office equipment, flour and rice also are strong competitively. Good prospects also are in view for canned and frozen food specialities, electric household appliances and other consumer items, educational materials and systems, builders' hardware, roadbuilding and maintenance machinery, oil field equipment, and commercial aircraft and related equipment.

Another Government action of interest to U.S. firms is a recent Ministry of Finance instruction governing contracts between governmental departments and foreign firms. Sent as a circular letter to all Saudi Government departments, it would, among other things, make it difficult in the future for foreign firms to obtain exemptions from payment for Saudi taxes and fees (including a stipulation in contracts that no fee was paid to any agent or broker to obtain the contract), and contains a prohibition on foreign arbitration of disputes on government contracts. A copy of an unofficial translation of the text of the circular letter is available from the Near East-South Asia Division, Bureau of International Commerce, U.S. Department of Commerce, Washington, D.C. 20230.

A Saudi tariff change made earlier this year lowered import duties on a number of imported products, mainly such consumer items as cigarettes, large passenger cars, and household appliances, but also certain machinery. The move is expected to reduce markedly extralegal importation of such items as cigarettes.

Turkey

Industrial expansion continuing, level of imports from U.S. will remain constant

By PETER HALE
Near East-South Asia Division, BIC

The level of Turkish imports from the United States will remain relatively constant during the coming year, with an anticipated rise in commercially-financed purchases offsetting a decline in shipments under the U.S. AID program.

During 1968, foreign exchange available to Turkey for purchases under the U.S. AID program declined. At the same time, the Turkish Government eased restrictions on commercially-financed purchases from the United States. The net effect on the level of U.S. exports to Turkey was very little change from the 1967 total of $124 million, as commercial sales increased to cover the decline in AID-financed shipments.

The U.S. share of the Turkish market continued to decline, however, falling from 18% in 1967 to 14% during the first eight months of 1968. These trends are expected to continue in 1969, as total Turkish imports continue to increase.

Expansion continues

Turkey's economic expansion is continuing, increasing the already strong demand for imports of industrial machinery and other capital equipment. This demand, although tempered by a scarcity of foreign exchange reserves, creates many opportunities for sales of selected U.S. machinery and equipment.

It is estimated that Turkey's gross national product (GNP) growth rate in 1968 fell short of the 7% target, due primarily to a shortfall in agricultural production. Most of the approximately 5.5% increase registered resulted from a higher level of industrial production. The outlook for 1969 remains favorable, and given average growing conditions for agriculture, Turkey's GNP should rise by close to the planned 7%.

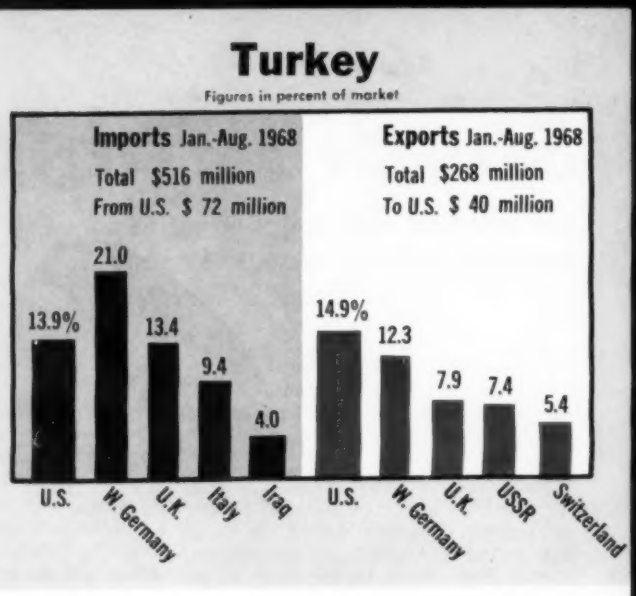
Turkey's scarce foreign exchange holdings, the major element inhibiting imports, are not expected to increase significantly during the coming year. Export earnings have been disappointing this year, and are expected to show very little growth over the 1967 total of $524 million. Receipts from tourism and remittances from Turkish workers abroad have shown small increases during 1968, but the level of financial assistance from the Organization for Economic Cooperation and Development Consortium for aid to Turkey has been below Turkey's expectations. Although hopes are high for significant increases in foreign exchange earnings from tourism and agricultural exports during the coming year, it appears unlikely that it will be possible to substantially raise the level of imports beyond the 1968 level, estimated at $760 million.

Many U.S. suppliers had more difficulty selling to Turkey during the past year, but indications are encouraging for the future in a number of different product areas. As AID funds available for purchases from the United States have declined, more and more U.S. firms have faced increased competition in the Turkish market from European suppliers. The Turkish Government, aware of this changing situation, modified its import regulations in June to allow commercial purchases from the United States of many commodities previously restricted to purchase with AID funds if bought from the United States.

Best prospects

Frequently, the success of a U.S. firm selling in Turkey can be traced to the amount of personalized sales effort put into making the sale. European suppliers often have an advantage in this field, arising from their proximity to the Turkish market. It has been frequently shown, however, that when U.S. firms actively work for sales in Turkey, they are successful.

CHIEF TURKISH IMPORTS FROM U.S.: motor vehicle and tractor parts and accessories, construction and mining machinery, aircraft, lubricating oils and greases, internal combustion engines, dry milk and cream, kraft paper. **CHIEF TURKISH EXPORTS TO U.S.:** tobacco, edible nuts, chrome ore and alloys, animal skins.



An example of such a success is the orders placed with U.S. firms during 1968 for $18.5 million worth of chemical fertilizers. Prior to these orders, all Turkish fertilizer requirements had been met by European suppliers. In 1968, however, several U.S. firms became interested in the expanding Turkish fertilizer market, and sent representatives to Turkey for the purchase negotiations. With representatives on the spot, the firms were able to present flexible bids and explain U.S. specifications. The result—sales for the United States.

Among products offering good prospects for U.S. sales during the coming year are agricultural equipment and food processing machinery. The emphasis in Turkey's Second Plan on the development of new agricultural exports is resulting in the formation of many new establishments in this field. The packing and shipping of fresh fruits and vegetables, especially citrus fruits, will receive emphasis in 1969, creating a demand for imported equipment.

Need for office machines

A recent exhibition of U.S. office machines in Ankara pointed up the sales potential for U.S. firms in this field. Very little modern office machinery is currently used in Turkey, but this condition is changing rapidly. The demand, especially by government offices, for electric typewriters, calculators, computers, microfilm equipment and other office machines is creating many sales opportunities for U.S. suppliers.

Other products offering good sales prospects for U.S. firms include construction machinery of all types, telecommunications equipment, hotel and catering equipment, metalworking and textile machinery, and medical equipment

UAR (Egypt)

U.S. exports doing surprisingly well; should continue to improve in 1969

By DAVID WESTLEY

Near East-South Asia Division

U.S. exports to the UAR, which did surprisingly well throughout the latter part of 1968, should continue to show improvement during 1969. Favorable factors include the scheduled delivery of additional U.S. commercial aircraft, rising oil production, the anticipation of continued financial assistance to the UAR from Saudi Arabia, Kuwait, and Libya, and good progress on completion of the Aswan High Dam Project. Economic activity in the UAR remains below par, however, and the serious shortage of foreign exchange persists.

Total UAR imports in 1967 amounted to $792 million, down from $1,070.5 in 1966. Of the 1967 total, imports from the United States amounted to $69.5 million, or about 9% of the market, compared with $212.4 million and a market share of almost 20% in 1966. The overall decline in Egyptian purchases from abroad reflected conditions following the June 1967 conflict and the government's attempt to correct a pattern of increasingly large trade deficits, a situation which became especially acute following the war. The drastic drop in the U.S. share of the market was primarily the result of the expiration of existing agreements for PL-480 and Commodity Credit Corp. (CCC) foodgrain sales to the UAR and the absence of any new arrangements for such sales.

Small U.S. total

U.S. exports to the UAR reached bottom in the latter part of 1967 and early 1968. According to the most recently available UAR statistics, they totaled only $11 million in the first five months of 1968, about 4% of total Egyptian imports during that period.

Data from the U.S. Bureau of the Census which seem closely to parallel the UAR figures indicate an apparent reversal of the downward trend beginning last June. They show that U.S. sales to the UAR from June to October totaled $31.4 million, compared with $10.4 million in the preceding five months and point toward an annual figure of about $50 million. Aircraft deliveries in 1969 should further increase the total.

Because of the almost-across-the-board cutback in most developmental imports, the UAR will need to step up its purchases of a broad range of industrial raw materials and capital goods in 1969, to the extent permitted by its available resources.

Aside from several commercial aircraft which United Arab Airlines has arranged to buy from the United States, the best prospects for upcoming sales to the UAR would seem to be for such items as construction and mining machinery, pumps, organic chemicals, insecticides, and fertilizers. Priority requirements probably also will persist for fats and oil and for foodgrains.

Oil production up

One of the bright spots in the UAR economy is petroleum. In spite of the loss of the Sinai oil fields, the output of crude apparently has outstripped prewar production and is in excess of domestic needs. Earlier in 1968 it was estimated that by the end of that year the UAR would be producing approximately 250,000 barrels per day, about 30% more than before the war.

The largest share of the crude produced comes from Pan American's Morgan field in the Gulf of Suez, which reportedly was producing 145,000 barrels per day at mid-year. With the arrival of additional equipment this was expected to rise to close to 200,000 barrels per day by the end of the year. In November the Egyptian General Petroleum Corp. (EGPC) signed its first major contract for the export of oil from the Morgan field. The contract covered the delivery to Spain of 400,000 tons beginning in January. The other major oil field, Alamein, operated by Phillips and the EGPC, began production in August with an initial output of 20,000 barrels per day.

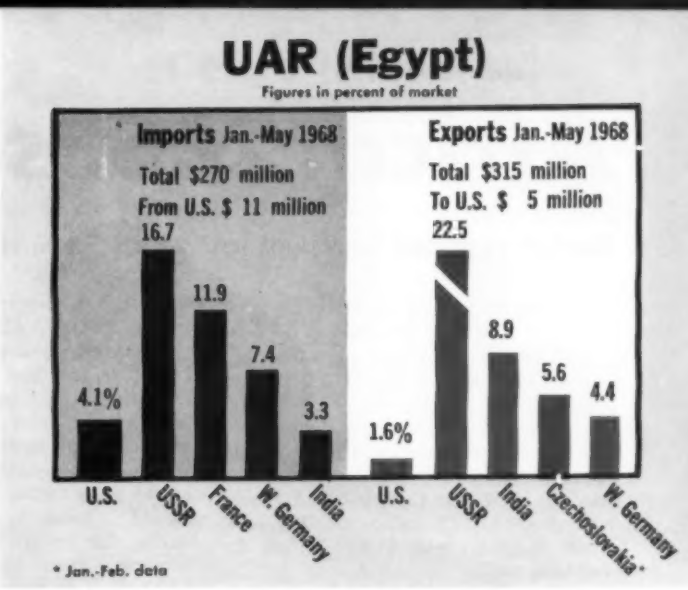
At the end of September a contract was awarded to the British consultants, IMEG, to draw up specifications for a 42-inch, 320-kilometer, Suez-Mediterranean pipeline linking Port Suez and Alexandria. The pipeline, to cost in excess of $100 million, would have a capacity of 50 million tons of crude annually and supplement a reopened Suez Canal by providing additional facilities to shippers with supertankers and delivery points in southern Europe.

The Suez Canal itself, which garnered the UAR more than $219 million in fees in 1966, has remained closed and its revenues lost. Should agreement be reached on its reopening some observers believe that it could be made available in a relatively short period of time since major cave-in and silting problems ordinarily are caused by the passage of vessels along its length.

The 1967-68 (Sept.-Aug.) cotton export season wound up with exports of 803,310 bales compared with 927,095 bales in 1966-67. In spite of this reduction in volume, export earnings were expected to total some $2.3 million more than the 1966-67 figure of $280.4 million as a result of higher prices.

Along with canal tolls and cotton exports, tourism formerly was one of the UAR's most important sources of foreign exchange. Egyptian tourism was hard hit by the war and steps have been taken to ease entry formalities for tourists, and otherwise encourage Western tourists.

UAR's CHIEF IMPORTS FROM U.S.: aircraft, organic chemicals, animal fats and oils, construction and mining machinery, internal combustion engines, measuring and control instruments, pumps and centrifuges, and insecticides and fungicides. UAR's CHIEF EXPORTS TO U.S.: crude petroleum, cotton, cotton fabric, yarn and thread, fish and shellfish, artworks, and furniture.



Africa: U.S. sales to rise

Market expected to repeat last year's 7.5% rise in purchases from U.S.

By ALFRED M. LIVERIGHT
Africa Division, BIC

U.S. exports to Africa this year stand a good chance of repeating 1968's projected 7.5% increase over 1967. This would mean total sales worth almost $100 million more than the record $1,175 million realized in 1968. Sales to Africa (excluding UAR and Canary Islands) were valued at $1,113 million in Jan.-Nov. 1968 compared with $1,091 million for full-year 1967.

Africa remains an area of many individual country situations and relatively few regionwide factors. The Republic of South Africa, as the predominant market for American products, holds the key to the size of the U.S. sales increase in the African continent. The steady growth in South African demand for industrial equipment and supplies, as well as selective consumer goods, may expand sales there by more than 10% this year, making that country the first half-billion-dollar market for U.S. goods in Africa.

Growth key is petroleum

Elsewhere in southern Africa, the growth of Angola's extractive industries and the government's road-building program will provide a market for increased sales of earth moving, construction, and transportation equipment—sustaining the rapid buildup in American exports that began in 1967. Petroleum production has resumed an upward trend.

Elsewhere in Africa, growth in the minerals industry—particularly petroleum—will likewise be an important element accounting for an increase in U.S. trade with other countries on the continent.

Nowhere is this more evident that in North Africa, where the enormous petroleum discoveries in Libya have propelled that country into being our first $110 million market outside South Africa since Nigeria's civil war pushed her out of that rank. The U.S. performance in this market should be sustained by massive investment in petroleum production and transport facilities and by construction projects called for in development plans, supporting the evidence that secondary import demand is beginning to take root in Libya and that a more diversified import market will gradually develop.

Similarly, the equipping of Algeria's expanding oil fields is enhancing the total value of U.S. exports to that country. In Morocco U.S. AID-financed imports, mainly agricultural products, are buoying U.S. prospects, and a new five-year development plan is focusing on investment in industrial areas in which American producers have important advantages.

U.S. aid programs figured prominently in the sales to the four largest markets for U.S. goods in Middle or Tropical Africa last year: Congo (Kinshasa), Ethiopia, Ghana, and Nigeria represented $50 million markets each. Although Congo (Kinshasa) and Nigeria remain depressed markets for American goods, prospective 10% increases in their purchases from the United States in 1969 will boost export levels to these countries toward their former peaks.

The Congolese Government's stress on increasing mineral production, developing the agricultural sector, and rehabilitating the transport network should strengthen the demand for American equipment, while renewed petroleum exploration and production activities in Nigeria will augment U.S. sales there despite the prolongation of the war.

AID support in these four nations will account for increasing U.S. sales this year only in Ghana, and may result in Ghana's overtaking Nigeria as the best U.S. customer in West Africa.

Turning to other major U.S. markets in West Africa, U.S. exports to Liberia are expected to rebound to the $50-million mark owing to the inflow of foreign private capital for construction of a second pelletizing plant and for implementation of other mining and lumbering projects requiring American products.

U.S. penetration of the Ivorian market should reach a new high in the neighborhood of $20 million. Major factors are anticipated orders for U.S. generating and earthmoving equipment for a hydroelectric project which is being financed partially by a U.S. Export-Import Bank loan, plus large orders for agricultural machinery which should derive from the Ivory Coast's agricultural diversification program. Furthermore, an official U.S. Trade and Investment Mission last November alerted Ivorian business and government circles to the keen U.S. interest in this market. The Mission's report will be featured in next week's issue of INTERNATIONAL COMMERCE.

Gains in our West African markets will be offset to a considerable extent by a 50% decline in shipments to Ethiopia. U.S. exports to Ethiopia last year were highly inflated by aircraft deliveries and will return to the more normal $20 million level in 1969. No change is foreseen in present U.S. export levels to East Africa (Kenya, Tanzania, Uganda) and Zambia, which are running between $30-35 million a year each.

Capital goods pace advance

Although the range of American products shipped to Africa increases constantly, a limited number of categories still predominate. Capital goods continue to account for the largest share, and 1968's individual leaders should carry over into the new year: motor vehicles and parts, construction and mining machinery and parts, and aircraft and parts.

Second-ranking categories in the capital goods field include tractors, heating and cooling machinery and equipment, pumps and centrifuges and related equipment, and mechanical handling machinery.

Foodstuffs, led by wheat/wheat flour and rice, constitute another major segment of U.S. sales to Africa. How long they continue to play an important role in our export total depends, in large measure, on the extent to which these products enjoy Public Law 480 financing.

Regional factors in U.S. trade with Africa remain mostly future-oriented. Promising beginnings in multi-country cooperation will offer new opportunities for increasing our exports only as these agreements come to fruition. The most immediate such prospect is the year-old East African Community, which already is attracting the interest of neighboring Eastern African countries.

The prospective renewal of the Convention of Association—the Yaounde Convention—linking the European Common Market countries with 18 mostly French-speaking countries in Africa, which expires on May 31, will preserve a competitive obstacle confronting U.S. suppliers in most of these countries: the discriminatory preferences granted the Common Market by the Africans. Negotiation of a new agreement began late last year. Meanwhile, previous EEC agreements with Nigeria and East Africa remain unratified.

Congo

Economic stabilization program successful, foreign exchange reserves growing

By JAMES T. DOYLE
Africa Division, BIC

Congo (Kinshasa) imports this year appear likely to increase to their highest level since the monetary reform of June 1967. The U.S. export potential in the Congo continues to be good. Total U.S. exports are expected to increase, perhaps by as much as 6%.

The Congolese economic stabilization program has been successful in most respects. Foreign exchange reserves are the highest since independence and are still growing. The foreign trade balance is impressive. Business confidence is growing. Plans for capital investment in development are being made. Consumer demand will grow steadily as modest wage increases are permitted.

The estimated GDP in 1966 was $111 per capita. Further GDP growth in 1969 seems to be a reasonable certainty.

Confidence growing

Increasingly evident are signs that business confidence is returning to the Congo. Foreign management and technical personnel are returning to assist Congolese development. Foreign and domestic firms are taking investment initiatives which would have been unlikely 18 months ago.

Prices in the Congo rose sharply in the first twelve months following the monetary reform. However, this rise (87%) was well below the anticipated 100% and major price increases appear to be over. For the last five months prices have been virtually stable. The most recent index figures show a very slight downturn.

Wages have not kept pace with prices. Average wage increases appear to have been about 43% in the private sector, thus reducing consumer purchasing power to about 75% of the pre-reform level. Consumer import demand has consequently been restricted. A 40% wage boost for government workers took effect Jan. 1. This and further modest increases in the private sector will restore some of the wage earner's shrunken purchasing power.

Congolese import payments fell off sharply in the last six months of 1967. During this period the effects of the mercenary rebellion and the economic stabilization program weighed heavily on the import market. The trend since then has been upward. Imports for 1968 may be up as much as 8% over 1967. As spending for development accelerates, imports in 1969 could increase as much as 10%.

Congolese exports appear to have scored major gains in 1968, based on early data. Agricultural exports could register a gain of 15% in 1968. Export gains in the mining sector appear likely to match the increase in agriculture and could exceed it. High world copper prices, particularly in the first quarter, account for the increase. In spite of the downward trend in agricultural and copper prices, the outlook for steady growth in export earnings appears good.

The U.S. share of the Congolese import market continues to swing annually over a range of several percentage points between one-fifth and one-fourth of the total market. U.S. manufactured items appear to be performing well while agricultural imports from the United States are leveling off. U.S.-made products continue competitive in a number of categories, offering a promising situation for U.S. export gains in 1969.

Although an associate member of the European Economic Community (EEC), the Congo continues to offer non-discriminatory tariff treatment to U.S. products.

Capital goods are the most impressive performers among U.S. products being sold in the Congo. Congolese plans to modernize transportation infrastructure will require import of such items as locomotives, aircraft, aviation navigational aids and communications equipment, and heavy road construction equipment. Mineral production increases will require imports of mining machinery of all kinds. Industrial machinery imports will grow. Agribusiness development will require tractors and agricultural machinery. Various sectors need all manner of mechanical handling equipment, such as derricks, cranes, and fork lift trucks.

CHIEF CONGO IMPORTS FROM U.S.: transportation equipment, wheat flour, construction and mining machinery, rice, power generating machinery, cotton, tobacco. **CHIEF CONGO EXPORTS TO U.S.:** coffee, rubber, palm kernel oil, base metals, copper and copper alloys, manganese ore and concentrates, wood veneers.

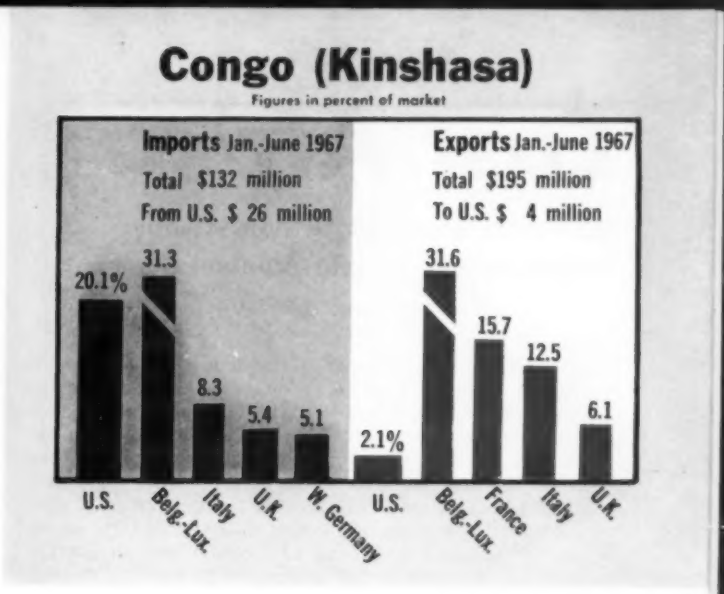
Congolese can pay

The Congolese are able to pay for their imports. The country's balance-of-payments situation has improved markedly since the monetary reform. High copper prices and increased agricultural exports have kept exports strong while the devaluation of the Congolese currency has sharply reduced consumer import demand. Foreign exchange reserves in the first year of the stabilization program rose from the critical point to their highest since independence. The availability of exchange is no longer a problem for the Congolese importer and should act as an incentive to increased imports.

The first Kinshasa International Fair opens on June 30 for a three-week run. The United States will have a national exhibit in this fair. A number of American firms plan to participate in the U.S. exhibit.

Congolese authorities have made a point of welcoming U.S. private investment in productive enterprises in the Congo. American firms are engaged in such diverse fields as food processing, mining, and tourism.

The Congolese Government has under consideration a new and even more favorable investment law than now exists. Furthermore, repatriation of profits has been authorized, beginning this year.



East Africa

U.S. sales expected to hold steady; neighbors ask to join economic unit

By MAUREEN R. SMITH
Africa Division, BIC

Although most indicators point toward some modest growth in aggregate imports during 1969, U.S. sales to the three-nation Community of Kenya, Tanzania and Uganda probably will not advance beyond the current $33 million level. Continued losses in Uganda should be balanced by gains in Tanzania. Sales to Kenya should remain unchanged.

In all three nations, 1969 promises to be a year of economic growth. In terms of constant prices, total GNP in the region is estimated to exceed $2.9 billion and an average growth rate in excess of 5% is expected to continue through 1970. Generally good crop earnings during the 1968 season are now available for investment and higher imports of industrial equipment—particularly for the textile, food processing, leather working and construction industries—are expected to follow.

Prospects for continued cooperation within the framework of the East African Community appear favorable and recent applications for membership by Burundi, Ethiopia, Somalia and Zambia have raised expectations of an enlarged common market area in the years ahead.

Finance needed

Heavier customs levies and wider import substitution should cut into consumer goods sales, but the continuing high level of industrial investment, coupled with increased spending on public development projects, will probably boost capital goods imports by 5-10% over the period. U.S. exporters must offer financing competitive with that available from European and Japanese suppliers if U.S. sales are to benefit from the anticipated increase.

In **Kenya** a two-year decline in U.S. foodstuffs shipments should continue, as local production catches up with demand. Losses in this area should be balanced in part by slowly increasing sales of capital goods and equipment. Continued growth in the construction sector, the initiation of a World Bank-financed highway program, and planned expansion and improvement of airport facilities could mean U.S. sales of construction equipment and navigation and airport supplies. If successful, U.S. bidding on pending locomotive and aircraft sales together could boost the U.S. sales total by more than $30 million; this possibility is not reflected in the regional projection however.

Tanzanian purchases of foreign capital goods, in which the U.S. enjoys a good competitive position, will probably continue to expand in line with the requirements of the country's economic development plan. Public spending for development, amounting to almost $53.5 million in fiscal 1969, is expected to contribute to a rise in machinery and transport equipment imports.

In **Uganda,** a slowdown in the rate of heavy investment in manufacturing is expected to retard the rate of growth of imports in capital goods and raw materials for industry. Public investment during the remaining years of the current development plan will concentrate on infrastructure projects with a lower import component. Imports of construction and mining equipment associated with local and international donor development schemes will not be sufficient to reverse the declining trend in U.S. industrial machinery sales which became evident during the latter part of 1968.

September gains

During the first six months of 1968, East African data show imports of $325.4 million, only 3.5% above the comparable figure for 1967. Running counter to the general trend, however, U.S. sales declined to $17.7 million, almost 23% off the previous total. The U.S. market share also declined from 7.3% to 5.4%.

Later reports from the U.S. Bureau of the Census show ten-month exports to East Africa valued at $30 million, a gain of 6.3% over the comparable period of 1967. Heavy shipments of machinery and transport equipment to Tanzania in September account for the apparent recovery in the U.S. trade position. Sales to Kenya, the largest market for U.S. goods in the region, were unchanged: slight losses in Uganda were made up by a $2 million gain in Tanzanian sales. Leading the advances were exports of iron and steel structures and parts, agricultural machines and machinery for special industries, all of which should continue strong through 1969.

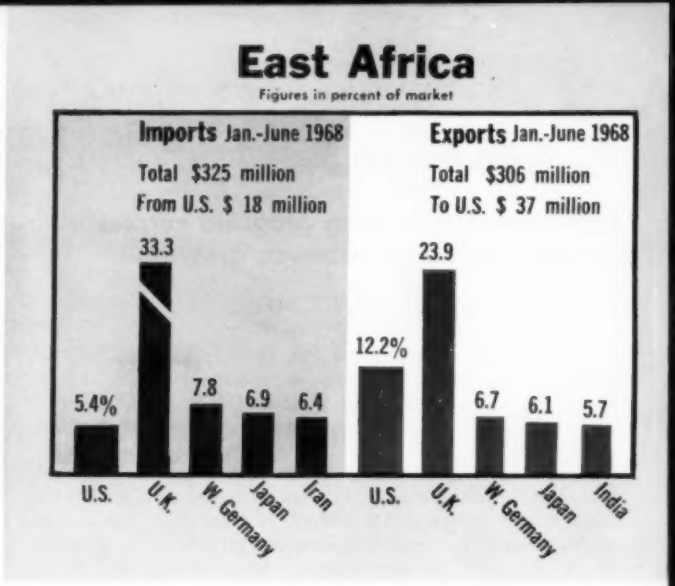
Other commodity groups meriting special attention as potential exports include: medicaments, fertilizers, paper products, non-road tractors, excavating and leveling machinery, heating and cooling equipment, pumps, mechanical handling equipment, telecommunications equipment, and trucks and tractors for trailers.

Link with EEC

The East African Community's association agreement with the European Common Market may adversely affect the U.S. competitive position vis-a-vis European suppliers. Under the accord, which has not been ratified, the East Africans grant tariff preferences ranging from 2% to 9% on 58 commodities in exchange for easier access to European markets for East African agricultural products.

While the present arrangement is not likely to diminish the level of U.S. exports to East Africa appreciably, it is due to be renegotiated in mid-1969, and may provide a stronger trade link between East Africa and the Common Market.

CHIEF EAST AFRICAN IMPORTS FROM THE U.S.: industrial machinery, manufactured goods, transport equipment, chemical products, paper and paperboard, cereals and foodstuffs, and fuels and lubricants. **CHIEF EAST AFRICAN EXPORTS TO THE U.S.:** coffee, tea, cloves, sisal, cordage and fiber.



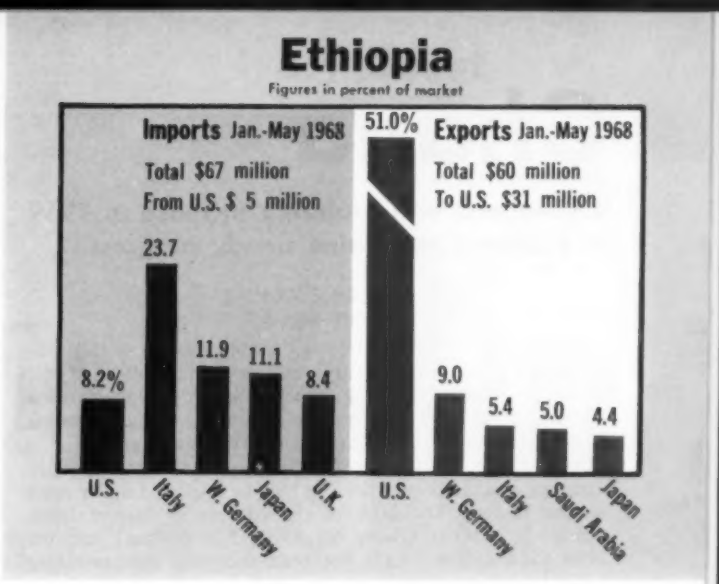
Ethiopia

Sharp decline in U.S. exports seen, but industrial prospects are bright

By MAUREEN R. SMITH
Africa Division, BIC

In marked contrast to last year's record sales, U.S. exports to Ethiopia are expected to decline sharply in 1969. Imports from world suppliers will probably register marginal increases, but the U.S. share in that total will decline by almost 50%.

Discounting for aircraft deliveries which created the irregular 1968 high, however, the United States should report modest export gains in 1969. Dollar availabilities, derived from U.S. coffee sales and the on-going AID program, continue at high levels. U.S. capital goods, its principal sales item, are highly respected for quality and technology.



Although prior deposit requirements, ranging from 100-150%, are expected to reduce foreign purchases of consumer goods and other nonessential commodities, the U.S. interest in this segment of the Ethiopian market is small. These restraints are expected to alter the composition of the import mix, however, favoring the United States and other industrial supplier nations: during 1969 the percentage share of industrial and capital equipment imports, currently averaging 35% of total foreign purchases, probably will increase, since imports in these categories are exempted from official controls.

New projects

Specific sales opportunities in this area should be associated with drawdowns on an $8 million AID line of credit to the Ethiopian Investment Corp. and procurement for railway and airport expansion. Implementation of the Fourth Highway Program and expansion of the communications network during 1969 could signal new sales of U.S. road building and telecommunications equipment.

Industrial investments undertaken in line with the new Third Five Year Development Plan will also require purchase of industrial machinery and supplies in which the United States is competitive. Finally, special category shipments should approximate $2.6 million during the first six months of 1969, although sales in this area will probably be lower than the previous average.

In terms of constant prices, Ethiopian gross national product (GNP) has averaged a 5.8% annual growth rate since 1964 and the prospects for maintenance of the 5.6% Development Plan pace are generally favorable. Earliest indicators point toward continued growth in 1968, bringing total GNP close to the $1.7 billion mark. Production in the industrial sector, a barometer of import demand for capital goods, probably rose by 12-15% in 1968. During the year ahead, leading growth sectors—textiles, food processing, construction, and tourism—are expected to expand productive capacity, calling for new imports of special industrial machinery and raw materials supplies.

Under the influence of Ethiopia's conservative monetary and fiscal policies and stable policital environment, investor confidence is expected to remain high. During 1969, gross domestic investment, currently averaging 12% of GNP, will probably increase as the Third Five Year Development Plan gets under way. Of the $1.2 billion in gross fixed capital monetary investment called for in the Plan, almost 50% is to be undertaken by the private sector. Investment spending will be heaviest in construction but almost $490 million will be spent on capital goods—probably $390 million of which will be imported.

Investment in textiles, food processing, chemicals, ceramics, and leather and shoe manufacturing is expected to account for 80% of total fixed investment and imports of machinery and supplies for these industries will lead the general advance. Over the 1968-73 Plan period, capital goods imports are expected to increase by 113% while foreign purchases of fuels and intermediate raw materials are projected to rise by 64% and 58%.

During the first five months of 1968, Ethiopian data show world imports of $66.5 million, an 11.6% increase over the comparable period of 1967. Imports from the United States to that date accounted for $5.5 million, or 8.2% of the total. Allowing for aircraft deliveries later in the year, the U.S. will probably finish in second place among Ethiopia's suppliers with a whopping 20-25% market share.

CHIEF ETHIOPIAN IMPORTS FROM U.S.: machinery and transport equipment, manufactured products, raw textile fibers and wastes. CHIEF ETHIOPIAN EXPORT TO THE U.S.: coffee.

U.S. record forecast

According to U.S. Census reports, U.S. sales to Ethiopia were valued at $42 million through October—up sharply when measured against $19 million during the comparable period of 1967. At the current rate, U.S. year-end totals may mark a record $45 million in Ethiopian sales.

Although spectacular gains in aircraft and accessories and pulp and paper processing machinery accounting for more than $20 million of the Jan.-Oct. total will not be repeated in 1969, there are encouraging prospects for advances over a wide range of import supplies to industry. Sales of raw cotton, organic chemicals, iron and steel pipes and tubes, tools, heating and cooling equipment, measuring and control machinery and devices, mechanical handling equipment and telecommunications equipments rose during 1968 and show signs of continued good performance through 1969.

Although dollar availabilities should be adequate to finance the projected level of U.S. purchases, recent exchange difficulties may become more pronounced in 1969. Consumer spending has been the primary target of official efforts to conserve foreign exchange but, unless the desired adjustment is achieved, industrial and capital goods imports may receive closer Government scrutiny as well.

Ghana

U.S. exports will probably increase in 1969 as economy maintains steady progress

By ELAINE ABBOTT
Africa Division, BIC

U.S. exports to Ghana in 1969 should show a healthy increase of approximately 20% due to a relaxation of the restrictive import licensing system, and the opportunities offered by the U.S. Agency for International Development (AID) program and the Ghanaian development plan.

As of Jan. 1, 1969, a significant group of imports previously requiring specific import licenses may be imported under open general license. The bulk of the commodity import loans granted by AID to Ghana for 1967 ($20 million) and for 1968 ($15 million) have not been used and the remaining funds have been carried over to 1969. In addition, Ghana's transitional development plan stresses areas in which substantial imports will be needed.

Gross National Product (GNP) is expected to total $1.77 billion in 1969. By mid-1970 the government hopes to achieve a 6% rate of growth.

Increased business confidence

The Ghanaian government's economic policies pursued since 1966 are resulting in a higher level of domestic and foreign business confidence. Ghana's progress toward economic recovery and growth has been given impetus by a further rescheduling of its medium term debt by the International Monetary Fund. The increased emphasis being given to the role of the private sector in the development of the economy is also boosting business confidence.

Due to Ghana's tight foreign exchange position, U.S. businessmen should pay particular attention to methods of financing their commercial negotiations in Ghana. In certain conditions, funds are available under the AID commodity import program for capitalizing equipment. However, equity investment or private loans are preferable, to the extent that the central banking authorities can accept the foreign exchange obligations so created.

In many types of consumer goods, U.S. products suffer a disadvantage in prices compared to those from European or Japanese sources which is not offset by the local market's consideration for quality. In any case, aggressive sales representation is needed to meet the competition.

U.S. sales to Ghana in the first ten months of 1968 amounted to $45.8 million, a $10 million increase in sales over the comparable period in 1967. The bulk of the U.S. exports were alumina, milled rice, unmanufactured tobacco, and cotton fabrics.

Specific product categories offering the best opportunities for U.S. sales are those being financed under the AID commodity import loan program. These commodities include: motor vehicles and parts, plastic raw materials, textile products, seeds, DDT and other pesticides, iron and steel products, tires, tubes, cement, dried and condensed milk, chemical products, feeds and fodder, fertilizers and industrial and agricultural machinery and equipment.

Transportation growth

Ghana's Two Year Development Plan (mid-1968 to mid-1970) also offers opportunities for exporters. The Plan allots about $1 million for road building equipment and $3.1 million for railroad signaling and telecommunications equipment. Fifty new covered vans will also be purchased during the Plan period. Purchases of new commercial vehicles should rise during the next two years due to the expected growth in the economy and to the inability of the railways to handle traffic demand.

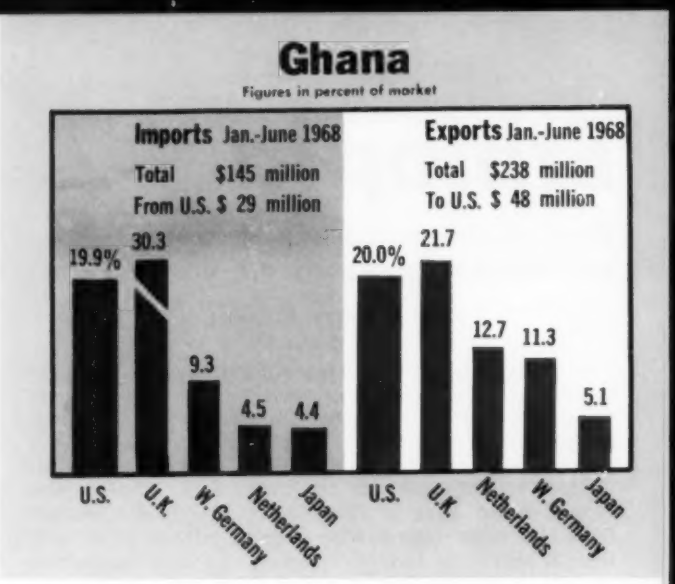
The Plan focuses particular attention on the large-scale production of oil palm, sugar cane, tobacco, fibers (kenaf), cotton, corn, rice, and other grain crops. This should create some opportunities for sales of agricultural machinery and equipment, particularly irrigation equipment, and for fertilizer and seed.

Additional expenditures on building basic economic facilities include nearly $25 million for improvement and expansion of power distribution facilities, $10.7 million for additional generators at Aksombo (site of the Volta dam), and about $8.4 million for implementation of the Accra-Tema water and sewerage master plan.

Although the Government of Ghana still has a strict system of import licensing, numerous items were affected by the recent import liberalization. Some of these items are: all organic and inorganic chemicals; chemical materials and products; transmission belts and belting of rubber; paper and paperboards, articles made of paper pulp, of paper or of paperboard; asbestos or fibre cement pipe; mineral manufactures; iron and steel bars, rods, angles, shapes, and sections (including sheet piling); tubes, pipes and fittings of iron and steel; tools for hand use or in machines; electrical apparatus for medical purposes; radiological apparatus; other electrical machinery and apparatus; and text-books for primary, middle and secondary schools, training colleges, and universities.

Ghana's tight foreign exchange situation has been eased somewhat by the rescheduling of debt payments and by the favorable balance of trade which has developed during this year. During the first six months of 1968, the value of Ghanaian exports was $238 million compared to an import level valued at $126 million.

CHIEF GHANAIAN IMPORTS FROM U.S.: alumina, milled rice, unmanufactured tobacco, cotton fabrics, animal fats, raw cotton, pitch, asphalt. **CHIEF GHANAIAN EXPORTS TO U.S.:** cocoa beans, aluminum and aluminum alloys, cocoa butter and cocoa paste, diamonds (industrial), lumber, cocoa powder (unsweetened) and cocoa cake, manganese ores and concentrates.



Ivory Coast

Imports from U.S. expected to jump 75% due to Eximbank loan to power project

By ELAINE ABBOTT
Africa Division, BIC

The level of U.S. exports to Ivory Coast in 1969 is expected to increase by approximately 75% over the level in 1968. During the same period of time, the value of all products imported by the Ivorians should increase by less than 10%.

The substantial increase in the level of U.S. exports to the Ivory Coast is projected primarily on the basis of an estimate of the amount which will be drawn down on a loan by the Export-Import Bank to the Ivory Coast for a hydroelectric project. Private commercial sales may show a slight increase due to increased orders for agricultural equipment needed to carry out the Ivorian agricultural diversification program, and as a result of several American trade and investment promotion projects in the Ivory Coast.

Ivory Coast's per capita income, estimated at $194 for 1967, is one of the highest in West Africa. Since independence in 1960, Ivory Coast's annual growth rate averaged about 8% before dropping off slightly in 1966-67. The Government expects that the economy will resume an 8% growth rate through the mid-seventies, when it is expected to drop off to about 6%. Based on the projected growth rate, gross domestic product (GDP) in 1968 should be about $1.2 billion, compared to $1.112 billion in 1967.

France losing ground

Because of the Ivorian economy's orientation towards French sources of supply, consumer familiarity with French products, and a large and active French business community, France will continue to provide tough competition for American exports. The French, whose relative share of the Ivorian market has been steadily declining, are clearly out to develop their sales, not only to Ivory Coast but elsewhere in West Africa.

The relative American trade position with the Ivory Coast over the past few years has been worsening. While the value of U.S. exports to the Ivorian market during the first ten months of 1968 was about the same as during the comparable period of the previous year ($10.2 million compared to $10.6 million), the value of imports from the Ivory Coast rose substantially (from $44 million to $61 million).

More diligent prospecting of the market, more dynamic and imaginative salesmanship, and more careful adaptation of American marketing methods to the needs of the French-speaking African market are needed if the United States is to sustain an improvement in its export position.

Ivorian development projects abound with opportunities for U.S. exporters. Agricultural diversification receives top priority. The investment required to obtain these objectives calls for agricultural machinery and equipment (including agricultural tools for smaller farm units), trucks, and irrigation equipment, as well as fertilizers, pesticides and herbicides.

Other markets which might be explored include the heavy and light equipment field, the whole range of consumer goods and appliances (220 volts, 50 cycle for electrical appliances), canned or frozen foodstuffs, light-weight clothing, as well as raw materials and semi-finished products for the country's industry.

The Ivorian lumber, fishing and agro-industries need heavy log skidders and woodworking equipment, saw mill machinery and refrigeration equipment.

Part of the $36.5 million Eximbank loan for the Bandama hydroelectric project is expected to be drawn down during 1969. As a result there should be orders for U.S. generating and earthmoving equipment.

Two recent events pave the way for timely follow-up by American business interests. The official United States Trade and Investment Mission (Nov. 4-15) whose report will appear in next week's issue of INTERNATIONAL COMMERCE, alerted Ivorian business and governmental circles to keener U.S. interest in the Ivorian market. The "America Weeks" commercial fair (Nov. 18-24), with over forty local firms exhibiting American product lines, gave a major promotional boost to "Buy American" that could carry over to benefit U.S. product lines not now represented or not actively pushed in Ivory Coast.

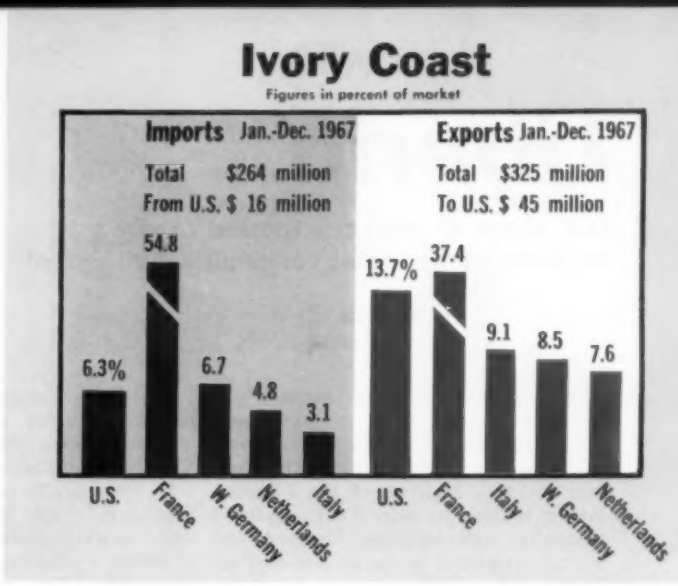
Private capital wanted

Private foreign capital is largely responsible for Ivorian industrial development to date and more is wanted for the future. The Plan Ministry forecasts a need for some $850 million in private investment for 1970-75, as compared to some $600 million forecast for the period 1966-70. About $700 million in public investment has been recommended for 1970-75.

American private investors are therefore likely to find the Ivorian authorities more than receptive to sound investment proposals that fit the framework of planned development objectives. Detailed initial proposals for investments including financing will win a much more attentive hearing than the casual, exploratory suggestion.

Usually there are virtually no restrictions on the transfer of capital and earnings. However, temporary exchange controls have been imposed by Franc zone members, including the Ivory Coast, as a result of the French monetary crisis.

IVORY COAST'S MAJOR IMPORTS FROM THE U.S.: tractors, kraft paper and paperboard, mechanical handling machines and equipment, and parts, heating and cooling machines and equipment, and parts. IVORY COAST'S MAJOR EXPORTS TO THE U.S.: coffee, cocoa beans, manganese ores and concentrates, cocoa butter and paste, and lumber.



Liberia

U.S. share of market expected to rise as demand increases for capital equipment

By JAMES H. ASHIDA
Africa Division, BIC

Liberia
Jan.–Oct. 1968

U.S. exports to Liberia
$33 million

U.S. imports from Liberia
$42 million

In 1969 U.S. trade with Liberia is expected to recover from the temporary drop it sustained in 1968 and rise to an estimated $48 million, a 20% increase over 1968. U.S. share of the Liberian market is likely to show a slight upturn, especially with increased demand for capital equipment in the second half of 1969.

In spite of constraints imposed by the Government's austerity program, the Liberian economy in 1969 is expected to rebound from the slowdown in 1968. If the Government succeeds in obtaining a stretch-out of its external debt payments, as appears likely now, it should be able with increased revenues to meet its reduced financial commitments without retrenchment of expenditures. Financed by renewed inflow of foreign private capital and by external loans extended to the government, total investments will rise, thus augmenting aggregate demand for imports, especially capital goods. Meanwhile, export sales of Liberian iron ore and rubber, the country's two principal exports, are expected to reach a new high.

In 1969 the gross domestic product at current prices is projected at about $357 million, up from an estimated $343 million in 1968. The growth rate of 4% in 1969 will be spurred by an expansion of private investments.

Confidence rising

Business confidence, which waned with the 1968 spring announcement that the government would implement a new law requiring foreign-owned commercial and construction firms to deposit over a period of five years a total of $10,000 in escrow with a bank in Liberia, was restored a few months later when the Government decided to suspend this law. The Government's improved fiscal outlook has also helped to buoy confidence in the economy.

In this context, the outlook for U.S. exports remains optimistic for most items except for some consumer goods like dairy products, wheat flour, and passenger vehicles. Increased price competition from European, Japanese, and Communist Chinese suppliers will cause U.S. exporters of these and other items to lose ground in the Liberian market.

The Europeans and Japanese are offering high quality goods at competitive prices and often with better credit terms. However, in other products such as rice and unmanufactured tobacco, U.S. suppliers will be able to maintain their dominant market position because of long-standing trade ties and Liberian taste preferences. For capital equipment the United States is still the primary source mainly because U.S. investors, being familiar with the quality of such equipment, insist on ordering U.S.-made machinery and equipment.

The amount of such capital goods imported into Liberia in 1969 will be substantially larger than in 1968. Most of this increase will come in the second half of 1969. In the first half, shipments financed by development loans from the U.S. Agency for International Development (AID) are expected to sustain such imports for Roberts International Airport and the Monrovia sewerage system. The airport improvement project will require about a million dollars of U.S. purchases for construction of a new control tower and commissary and installation of an instrument landing system. The Monrovia sewerage system will cost about $7.1 million to build, of which one-third to one-half will be for procurement of various products. In addition, AID is financing modest loans for purchase of equipment for the rural roads program and of medical-dental supplies for the national medical center.

Several large projects financed by private interests are expected to lift exports of U.S. capital goods to Liberia in 1969. The largest will be the new pelletizing plant for the Bong Mining Co., jointly owned by German-Italian interests. Equipment valued at about $23 million will probably be awarded to U.S. firms. The bulk of this equipment will be delivered in Liberia in late 1969 and early 1970.

Another development that could generate export of U.S. oil field equipment would be the discovery of commercial quantities of oil off the Liberian coast. Seismic surveys have indicated the presence of offshore oil deposits. The government is expected to conclude concession agreements with several oil companies soon. Thereafter, they will begin drilling to test the presence of oil in commecial quantities. If successful, they will require substantial quantities of oil field equipment to bring this oil to the surface and to world markets.

CHIEF LIBERIAN IMPORTS FROM U.S.: rice, construction and mining machinery, road motor vehicles and parts, agricultural machinery and appliances, tobacco manufactures, non-electric power generating machinery, heating and cooling equipment. **CHIEF LIBERIAN EXPORTS TO U.S.:** iron ore, rubber, coffee, diamonds.

U.S. firms active

Other investment projects that are being or will be implemented by U.S. firms include exploitation of timber resources and barite deposits. One American company, which has obtained a concession, is investigating the possibility of a logging and sawmill operation and later, if feasible, the establishment of a plywood plant. Another U.S. firm has already sent technicians to Liberia to investigate methods of exploiting the barite deposits. The iron ore mining companies will require new equipment to replace those that have been damaged or have worn out. U.S. suppliers will, therefore, have good opportunity to increase exports of logging and sawmill equipment as well as mining machinery of various kinds.

Liberia's ability to import commodities will also be improved in 1969 by larger earnings from its two major exports, iron ore and rubber. Iron ore prices, after declining for several years, appear to have reached a plateau. Although output of iron ore in 1969 will be only slightly more than in 1968, more of it will be premium-priced magnetite pellets. Moreover, the long-term decline in rubber prices appears to have been halted, and recent strength in rubber prices, if sustained during 1969, could lift Liberia's foreign exchange earnings, especially with rubber production increasing steadily.

Libya

U.S. market share likely to increase; private industrial investment boosted

By NOBLE M. MELENCAMP
Africa Division, BIC

The U.S. share of the Libyan market sprang upward both relatively and absolutely in 1968, and this rising momentum, sustained by massive investment in petroleum production and transport facilities and by the construction projects required by development plans, will carry through 1969 and into 1970. Although lower in volume, Libyan exports to the United States have also climbed in recent years, and will increase further in 1969.

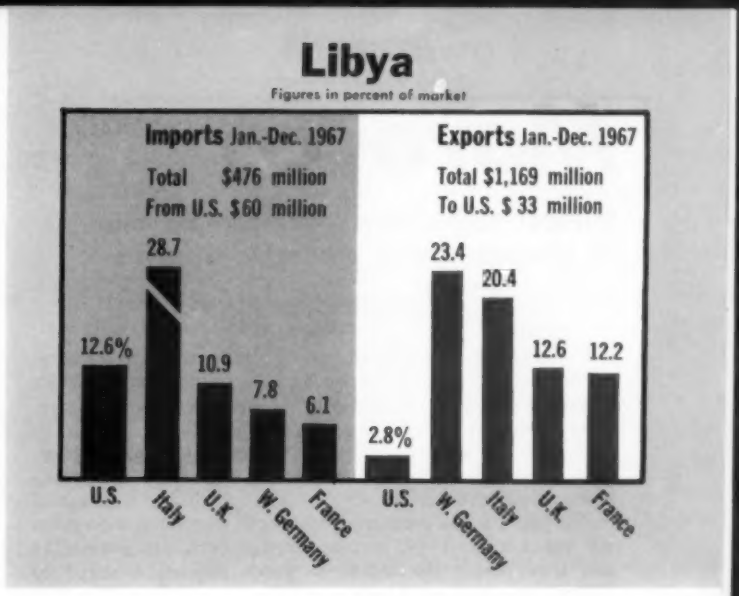
In Libya, expansion of the petroleum industry means increased U.S. sales. Libyan petroleum production exceeded 2.7 million barrels per day in mid-1968 and should pass the three million barrel mark in 1969. The producing companies, most of them American, pursue active exploration and drilling programs and are regularly increasing the capacity of their pipeline and loading facilities. These activities sustain the traditional Libyan market for U.S. exports. In addition, Government spending plans for 1969 will create new sales opportunities, principally for industrial goods, as the purchases induced by the new five-year development plan soon to be introduced pull imports above current high levels.

Libyan gross domestic product climbed 22% in 1967 (about 16% in real terms), moved along at an even livelier pace in 1968, and will continue to increase in 1969. Oil production, which represented well over half of the value of economic activity in the country in 1967, increased in prominence in 1968 and promises to continue to dominate the economy.

Tax settlements help

The recent settlement of several standing tax and royalty disagreements between the Libyan Government and the foreign-owned oil companies has provided additional impetus to further expansion in the oil fields, while the chronic shortage of skilled and semi-skilled labor becomes more acute as the petroleum and construction industries continue to undertake new projects.

Despite rises in wage rates and living costs induced by these circumstances, Libyan authorities have succeeded in restraining inflation to about 8% annually during the last several years. Credit expansion has been held below $100 million per year, while the prime interest rate has remained at 5% in order to keep funds available at non-usurious rates to the small borrower.



The U.S.-Libyan trade volume should increase 18-22% in 1969, while current trading patterns will remain unaltered. Libyan imports from the United States returned in 1968 to the relative levels of the early 1960's, as the U.S. share of the market rebounded from a low of 12.5% in 1966 and 1967 to about 18% during the first half of 1968. Libyan exports to the United States rose in an even more spectacular fashion in the same period.

During the first three quarters of 1968, U.S. exports to Libya reached a value of $86.7 million f.o.b. (up 50% from the corresponding period of the previous year) and U.S. purchases from Libya climbed 83% to $55.8 million.

Sales of machinery and transport equipment and manufactured goods, which usually make up about 84% of U.S. exports to Libya, led the rise, accompanied by certain other commodities, especially polymers. Pumps alone accounted for about 12% of U.S. exports to Libya in 1968, and steel pipes, tubes and pipe fittings represented an additional 11%. All but an insignificant fraction of Libyan exports to the United States are crude oil, and these shipments may be expected to increase steadily through 1969.

To the present, American manufacturers and exporters have not made more than token efforts to establish themselves in non-petroleum sectors of Libya's economic life. However the Libyan Government's forthcoming development plan will provide additional inducement to take a hard look at this market. The plan is expected to program investment of about $2 billion over the next five years and thus to provide an annotated shopping list of equipment for the industries which the Libyan Government plans to encourage.

Details of the plan are not yet known, but are expected to include a number of small and medium-sized industrial establishments, chiefly concerned with petrochemicals and food processing, as well as ambitious housing and other construction and public works projects.

For the immediate future the product categories with the strongest sales potential are those associated with oil drilling and exploitation, and with construction: pumps and centrifuges, iron and steel pipes and pipe fittings, construction and mining machinery, electric power machinery and cable, measuring and control equipment, steam and gas turbines, and polymers.

The Tripoli International Fair, which will open on Mar. 7, is now scheduled biennially. It offers an exceptionally attractive opportunity for U.S. exporters to test the market for their products.

Libya's balance of payments becomes more favorable with each passing year, and this pattern will repeat itself in 1969. The trade balance, which reflects principally the growth in the Libyan petroleum industry, has been increasing by more than $100 million per year. The trade surplus in 1967 was $697 million. Libya's gross external reserves topped $700 million in April 1968.

LIBYA'S CHIEF IMPORTS FROM U.S.: pumps, iron and steel pipes, construction and mining machinery, electric power machinery and cable, measuring and control equipment, steam and gas turbines, and polymers. LIBYA'S CHIEF EXPORTS TO U.S.: crude and partially refined petroleum.

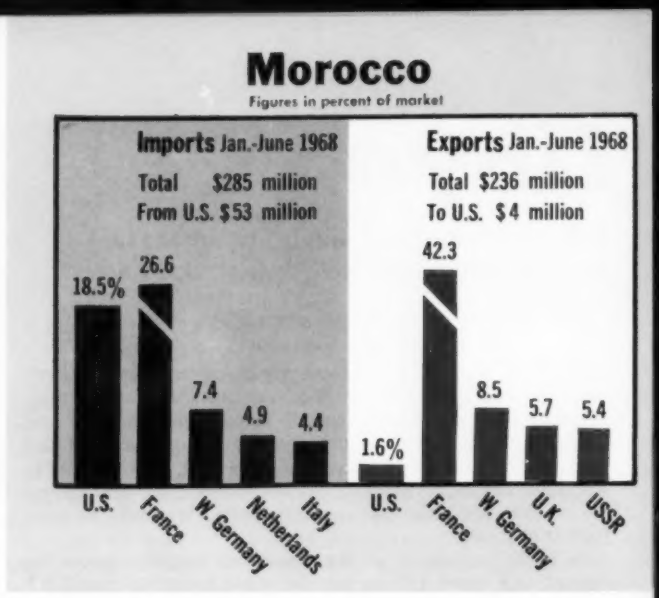
Morocco

Bumper crops, new development plan to provide strong economic stimulus

By NOBLE M. MELENCAMP
Africa Division, BIC

U.S. exports to Morocco will rise moderately in 1969 as the Moroccan economy responds to the stimulation of 1968's bumper crop yields coupled with the investment spending requirements of a new five year development plan.

Growth in sales of Morocco's principal exports—phosphates, fresh and preserved fruits, vegetables and sardines—will partially alleviate the severe foreign exchange shortage of recent years, while decreasing Moroccan dependence on grain and sugar imports will increase foreign exchange availability and thus permit the industrial goods imports required to achieve development aims.



After a 5% rise to nearly $2.9 billion in 1968, gross domestic product is expected to grow an additional 3.5% in real terms in 1969. Successive annual increases in growth are predicted for the next several years on the basis of at least average crop yields, stable foreign markets, rising payoff from past development expenditures, and accomplishment of the Government's interim investment goals through 1972.

A 4.5 million-ton 1968 cereals crop, citrus production 13% above that of 1967 and high yields in olives and other agricultural commodities will cut grain imports and ease the strain on foreign exchange in 1969. Domestically, 1968's favorable harvest permitted many farmers to reduce or eliminate the debts incurred during the past two poor crop years, while rather stringent monetary policy has maintained wholesale and retail price levels stable.

Private investment rising

The level of private investment is rising under the influence of improved foreign markets for Moroccan phosphates and other export commodities, and increasing domestic demand for hotel beds and other tourist accommodations.

The Moroccan international payments balance should begin to move toward equilibrium in 1969, after several years of widening trade deficits which reached $46 million in the first half of 1968. These deficits, together with a persistent outflow of private foreign capital, have in the past been compensated by foreign aid, principally from the United States and France, as well as by using Morocco's accumulated foreign exchange reserves.

With sales of $60.7 million in the first three quarters of 1968, the U.S. share of the Moroccan market appears to have increased from slightly above 10% in 1967 to more than 18% in 1968. Although three fourths of the 1968 rise is attributable to heavy shipments of wheat, wheat flour and soybean oil under the terms of Public Law 480 assistance, the Moroccans also bought larger quantities of industrial, mining and construction machinery, and the prospects for further growth in the U.S. share are bright.

Moroccan trade with the rest of the world reached $521.5 million during the first half of 1968.

Imports were 6.5% higher than in the first half of 1967, while exports were 1.9% above the 1967 level. Improved world markets for phosphates, increasing domestic food processing capacity (permitting exports of food products to other than immediately adjacent countries), and Morocco's rapidly growing requirements for complex industrial machinery will particularly favor increases in both exports and imports.

The elimination in June 1967, of trade and payments arrangements which favored France, has reduced the French share of the Moroccan market below 50% and has increased the shares of Germany, the Netherlands and Italy as well as of the United States, but has had little discernable effect on trade with those African, Near Eastern and Eastern European countries with which Morocco maintains bilateral trade and payments agreements. A Moroccan application for association with the Common Market, pending since 1963, was the subject of negotiations during the fall of 1968 but no agreement has yet been reached.

MOROCCO'S CHIEF IMPORTS FROM U.S.: wheat and wheat flour, soybean oil, short-staple cotton, agricultural implements and machinery, construction and mining machinery, telecommunications equipment, and motor vehicles. MOROCCO'S CHIEF EXPORTS TO U.S.: manganese and zinc ores, canned sardines, long-staple cotton, and phosphates.

The Moroccan Five Year Development Plan installed in 1968 provides a blueprint of the Government's intentions for the economy during the next few years. If the plan's investment target of almost $2.3 billion is realized, purchases of capital goods worth about $500 million will be required, most of which will come from abroad.

Import priority will be given, under the terms of the plan, to those industries connected with agriculture and those which earn foreign exchange: tourism, mining and food processing.

Consequently, and in view of the specific projects scheduled in the plan, the following product categories appear to offer the most promising sales potential in the Moroccan market: agricultural machinery; water treatment, irrigation and flood control equipment; mining and construction machinery; electric power machinery and equipment; food processing machinery and equipment; commercial heating and air conditioning equipment; tin plate; chemicals, including cellulose derivatives, industrial dyes and synthetic fertilizers.

The Casablanca International Exposition, biennial trade fair, will be held next in Apr.-May. It offers an exceptional opportunity for U.S. exporters to examine the market possibilities for consumer as well as capital goods.

Nigeria

Despite civil war, foreign exchange and import regulations, imports should rise

By JAMES H. ASHIDA
Africa Division, BIC

Although the continued and renewed resistance of the rebel Biafran forces has dimmed prospects of an early end to the civil war now entering its nineteenth month, the outlook for U.S. exports to Nigeria in 1969 has paradoxically improved. It is now anticipated that U.S. exports this year will total about $60 million, surpassing the projected 1968 level of $55 million.

In spite of the continued imposition of foreign exchange and import regulations in 1969, foreign financed imports of relief supplies and oil field supplies, especially from the United States, should increase moderately. U.S. exports will be aided by a recent change in Export-Import Bank policy which now provides short-term export insurance for shipments under qualified letters of credit. Notwithstanding continued pressures on the country's foreign exchange reserves because of purchases of military supplies, the Federal Military Government's (FMG's) ability to import will be augmented by rising petroleum exports and resumption of export of rubber and oil palm products from areas recaptured from the Biafran forces. Moreover, the export outlook for Nigeria's other agricultural commodities appears to have improved.

Oil output revives

The FMG's success in compressing the fighting into a small area has restored economic activity gradually in the recaptured oil-producing areas. Nigerian oil production now exceeds 400,000 barrels per day (BPD), two-thirds the level when the civil war fighting started in July 1967, and is climbing rapidly. Oil exports from Port Bonny have been resumed; the Trans-Niger pipeline terminating at Port Bonny is now delivering over 200,000 BPD.

On the other hand, business confidence has probably been shaken by the renewed ferocity of fighting by the Biafran military forces just when signs pointing to a quick ending of the civil war were multiplying. Most private foreign investors are still waiting and watching until the civil war ends. Private foreign capital inflow has consequently dropped to a trickle except in the petroleum industry. The promulgation of the Companies Decree 1968, requiring among other things that all foreign firms operating in Nigeria must be incorporated in Nigeria, has, however, created problems for U.S. oil producing and exploration companies. Incorporation of their activities in Nigeria threatens to deprive them of certain privileges now enjoyed under U.S. tax laws. It is anticipated that some compromise will be worked out to accommodate such firms.

An encouraging note has been the availability of external loans to the FMG in spite of the civil war. The United Kingdom, Canada, and the U.S. Agency for International Development (AID) are extending substantial loans to complete the expansion of Nigeria's telecommunications system. The International Bank for Reconstruction and Development recently approved a loan of $14.5 million to the Niger Dams Authority to finance completion of the Kainji multipurpose project in Nigeria for the generation and transmission of electric power, river transportation, and irrigation.

In addition, AID, U.S. church and philanthropic organizations and their counterparts in many countries, and other governments are donating sizable quantities of foodstuffs, clothing, and medicines to relieve the suffering population in the war torn areas. According to Bureau of the Census data, out of $45.3 million of U.S. exports to Nigeria during the first ten months of 1968, more than $5 million represented relief supplies.

In 1968 the Nigerian Government further tightened import controls by placing additional commodities under specific license; between 15 and 20% of Nigerian imports now require licenses, on the basis of Nigerian import statistics for 1966.

The Ministry of Trade has been extremely reluctant to issue import licenses because of the shortage of foreign exchange. This has created a large backlog of approved foreign exchange requests awaiting release of foreign exchange by the Central Bank of Nigeria. Accordingly, total Nigerian imports for the first seven months of 1968 were $285.9 million as compared with $401.8 million during the comparable period of 1967. During this period Nigeria's total imports dropped by 29% from the 1967 level, while the U.S. share of the Nigerian market decreased to 11.1% from 13.8% in 1967.

Best U.S. possibilities

The increase in activities by the petroleum companies offers the best possibilities of increasing U.S. commercial exports to Nigeria. Since these exports are financed by the oil companies themselves out of future crude exports, the present shortage of foreign exchange has little bearing on the amount of such imports. Moreover, since they are considered essential by the Nigerian Government, they do not require specific import licenses. Thus, Nigeria should be an attractive market for iron and steel pipes, pumps and centrifuges and parts, construction and mining machinery, mechanical handling machinery, steel structures, and heating and cooling equipment. The situation could change very rapidly for the worse if the Biafrans are able to reoccupy the oil fields.

CHIEF NIGERIAN IMPORTS FROM U.S.: wheat, pumps and centrifuges and parts, iron and steel tubes and pipes, construction and mining machinery, medicinal and pharmaceutical products, dry milk and cream, miscellaneous food preparations. **CHIEF NIGERIAN EXPORTS TO U.S.:** cocoa, rubber, hides and skins, nonferrous metal ores and concentrates, timber.

South Africa

Imports expected to jump by 10-20%; inflationary pressures under control

By WILLIAM K. KRIST
Africa Division, BIC

South Africa's total imports will reach a record high in 1969, if an anticipated 10 to 20% increase over the 1968 import level of approximately $2.7 billion materializes. U.S. exports to the Republic may increase at an even more rapid rate, and total U.S. sales may reach $500 to $550 million, compared to the $430-$450 million expected for 1968.

A period of relatively rapid expansion seems to be on the horizon for South Africa, and a consequent strengthened demand for imports is expected. Substantial capital equipment will be needed if industry is to expand to meet rising demand. The United States should benefit from this trend, since capital goods constitute the bulk of American exports to the Republic. The present South African Government policy of relatively liberal import quota allocations, if continued throughout 1969, would permit this projected high level of imports.

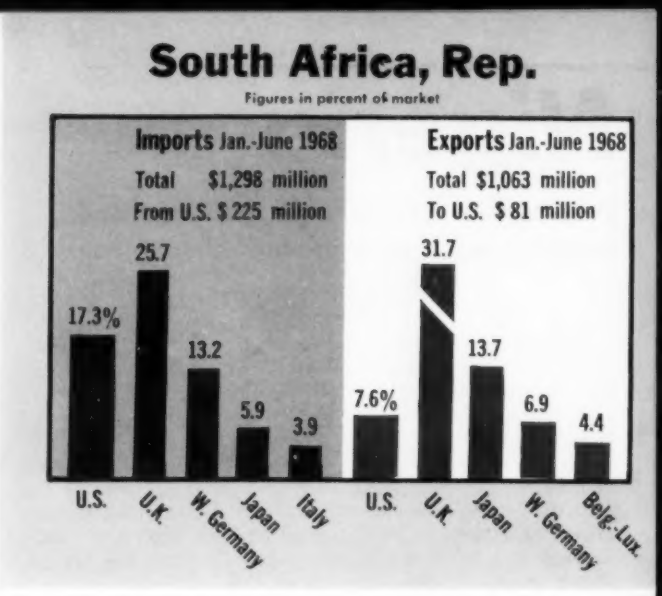
A real growth rate of between 6 and 6½% seems to be in the offing for 1969, in contrast to the 5-5%½ range in 1968 when gross national product (GNP) was estimated at over $14 billion.

Reduced inflation

Inflationary pressures, which have plagued the economy for the past four years, appear to have receded at present. The consumer price index increased by only 1.2% in the year which ended in August, while the wholesale price index rose only 0.5%. Accordingly, the government has relaxed some of the anti-inflationary measures which have been in force for several years. However, the outlook is for considerable wariness by the government throughout the next six months.

The ratio of money and near-money to gross domestic product reached approximately 30% in June, a level considered too high for price stability. If unchecked, this excess liquidity could lead to renewed inflation and reimposed government controls.

The most recent survey of business confidence, conducted by the University of Stellenbosch, reveals a marked optimism in the business community. Stellenbosch economists foresee rising inventory accumulation in 1969, as soon as increased growth forces a reassessment of manufacturers' inventory positions. This should serve to spur imports, since imported commodities traditionally constitute a large portion of inventories.



Through September 1968, South Africa's total imports were 7% below the comparable 1967 period. Manufactured goods, with a $50 million decline, suffered the most, although imports of machinery and transport equipment, foodstuffs, and crude materials were also down. U.S. exports to South Africa, on the other hand, were marginally higher over the first ten months of 1968, according to U.S. data, and should exceed the full-year 1967 total of $426 million. Non-electric machinery increased by some 8.4%, and accounted for much of this increase.

Consequently, the 1968 U.S. market share should exceed 17%, compared with 16.7% in 1967.

South Africa's import control system did not significantly restrict the level of imports in 1968, as it has in some years, although it affected the commodity composition of imports. A recent government announcement provides for import quota allocations in 1969 at a level comparable to 1968 (INTERNATIONAL COMMERCE, Dec. 16). Such a level will allow sufficient flexibility for total imports to increase over the present level, since many quotas were unused in 1968.

Of particular interest to U.S. exporters, the Ministry of Economic Affairs has indicated that it plans to follow a more liberal policy in approving applications by importers of capital equipment in 1969.

The textile, beverage, rubber and chemical industries are anticipating rapid growth in 1969, and purchases of capital equipment and raw materials by these sectors should increase. Bright prospects also exist for increased U.S. sales of accounting machinery, packaging and folding equipment, and electrical and measuring control devices.

Consumer goods imports should also increase in 1969, since demand is expected to outstrip domestic production over the near term. Imports of synthetic fibers, tools and household appliances, for example, should particularly increase.

CHIEF U.S. EXPORTS TO SOUTH AFRICA: machinery, motor vehicles and parts, aircraft and parts, chemicals, power generating equipment, rice, and textiles. **CHIEF U.S. IMPORTS FROM SOUTH AFRICA:** diamonds, copper, wool, shellfish, nickel, pig iron, and sugar.

Gold poses uncertainties

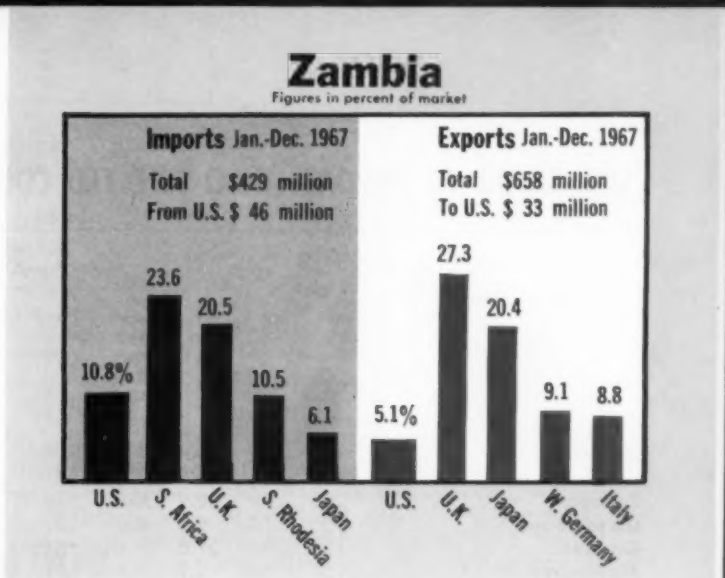
As of September the South African Reserve Bank held over $1.3 billion in gold and foreign exchange, a significant jump from the $698 million of one year earlier. Some deterioration in the balance-of-payments position is anticipated in 1969, since imports are expected to rise while the inflow of speculative capital tapers off.

Since March, when the monetary gold market was sealed off from the private market, the South African Reserve Bank has largely withheld the sale of newly-mined gold for fear of depressing the free market price. Unless South Africa is able to sell newly-mined gold for $35 an ounce or more in 1969, the balance of payments could prove to be a restraining factor on the 1969 outlook. In 1967 newly-mined gold earned some $1.1 billion in foreign exchange, an amount equal to 60% of all other exports. Without this foreign exchange, the government might be forced to impose stringent import controls.

Zambia

Imports from United States expected to hold at reduced 1968 level

By SUSAN F. PARK
Africa Division, BIC



U.S. exports to Zambia in the upcoming year should hold at the reduced trade level now expected for full year 1968, owing to probable constraints on overall Zambian imports in 1969.

The anticipated slowdown in Zambian imports arises from national concern for the country's weakened balance-of-payments position. Efforts are also being made to consolidate some of the rapid economic achievements of the past four years. Additionally, Zambia is endeavoring to sustain the good foreign exchange position it has enjoyed. Reserves were estimated at $110-120 million in mid-1968, down from the year-end 1967 total of approximately $200 million.

U.S. sales to Zambia during the past year declined approximately one-fifth from the 1967 total of $37 million (U.S. data). This drop follows large increases in U.S. sales to this developing African nation in 1966 and 1967, resulting principally from substantial "one-shot" sales of aircraft and railroad equipment.

Zambia's imports from other sources have also soared in recent years from $294 million in 1965 to $428 million in 1967. This increase led to a drop in trade surplus from $345 million in 1966 to $228 million in 1967. Such substantial import increases probably will not be sustained in 1969.

Industry emphasized

National effort is currently being concentrated on developing the country's industrial base—largely through the provisions of Zambia's ambitious Four-Year National Development Plan, 1966-70. Planned growth of this sector is expected to enable the economy to achieve a 5-7% increase in gross national product (GNP) in 1969. GNP has risen substantially since independence and stood at $1.064 billion in 1967.

Emphasis on internal industrial development presents the best opportunities for maintaining U.S. sales at the approximately $30 million level experienced in 1968. Major U.S. exports to Zambia during Jan.-Oct. 1968 reflect the Zambian desire for construction and mining machinery, mechanical handling equipment, industrial tools, agricultural tractors, and road motor vehicles. These items continue as good sales prospects in 1969. Significantly, a construction boom has been the highlight of Zambia's economy in recent years; this industry represents the leading growth sector for the period 1965-67. Specialized requirements of the construction industry should be investigated for their sales possibilities, particularly commodities such as prefabricated housing, in which U.S. firms are leaders.

Although only first-quarter 1968 foreign trade statistics are available from the Zambian Statistical Office, major suppliers remain South Africa, the United Kingdom, the United States, and Southern Rhodesia. The United States during this period supplied approximately 10% of Zambia's import requirements. Imports from Southern Rhodesia are expected to show a considerable decline in the rest of 1968 and to fall further in 1969. Increasingly, former Rhodesian sources are being replaced—recently by expanded market ties with the East African Community, to which Zambia has applied for membership.

Establishing local offices in Zambia's Copperbelt business district or in the Lusaka region, both to replace Rhodesian-based agents and to obtain direct market intelligence of items often urgently needed, is advised for U.S. firms interested in long-run sales performances in the Zambian market. The Economic Section of the American Embassy in Lusaka plans to issue regular commercial newsletters. U.S. businessmen wishing to reach the local Zambian business community are encouraged to provide suitable commercial information to that office.

CHIEF ZAMBIAN IMPORTS FROM U.S.: passenger cars, construction and mining machinery, mechanical handling machinery, agricultural tractors, motor vehicle and tractor parts, aircraft and parts, rubber tires and tubes. CHIEF ZAMBIAN EXPORTS TO U.S.: copper ores, tobacco.

Copper is Zambia's major industry, export, and source of revenue. Substantial returns derived from this mineral have provided financing for the country's large-scale transport and industrial import requirements. Concern that world copper prices might fluctuate radically, following the extremely high prices realized in 1966-67 and the resumption of U.S. copper production in 1968, created fears that Zambia's annual copper output of approximately 700,000 short tons and the country's good financial position might be severely jeopardized.

Zambia mining coal

Wide price fluctuations did not materialize in 1968. Contingent on a continuing healthy market price, consistent high output of copper can probably be maintained in future years, aided by the use of Zambian-mined coal which is now replacing imports from the Rhodesian Wankie coal fields.

The Zambian Government has also recently taken an active interest in the copper industry, through the formation of the Metals Marketing Co. This company, in which the Government will have 51% equity and the two major mining companies equal remaining shares, will supervise pricing and marketing policies affecting the country's mineral production as well as representing Zambia in international marketing forums. Individual contractual arrangements will continue to be negotiated by the mining company and the purchaser. Formation of this company is designed to inject an additional element of stability into the operations of this vital national industry.

U.S. SHARE OF IMPORTS INTO SELECTED COUNTRIES

Area and country	1967 Imports			1968 Imports January through latest month			
	From world (million dollars)	From U.S. (million dollars)	U.S. share %	Latest month	From world (million dollars)	From U.S. (million dollars)	U.S. share %
Latin America							
Barbados	77	15	19.7	(1)	(1)	(1)	(1)
Bolivia	151	62	41.2	(1)	(1)	(1)	(1)
Ecuador	203	79	38.9	June	116	41	35.2
Guadeloupe	100	10	9.6	Mar.	27	2	7.9
Guyana	131	36	27.6	(1)	(1)	(1)	(1)
Martinique	106	6	5.9	Mar.	26	1	5.5
Paraguay	71	11	15.7	Oct.	59	12	19.7
Uruguay	171	24	13.9	July	69	13	18.5
Western Europe							
Iceland	162	25	15.4	Sept.	102	13	12.3
Ireland	1,081	87	8.1	Aug.	765	54	7.1
Malta	112	3	3.1	Mar.	30	1	2.2
Portugal	1,059	73	6.9	Sept.	720	51	7.1
Far East							
Cambodia	[2] 73	[2] 3	[2] 3.5	(1)	(1)	(1)	(1)
New Caledonia	79	6	7.8	May	39	(1)	(1)
Sarawak	175	8	4.7	(1)	(1)	(1)	(1)
Near East-South Asia							
Burma	122	18	15.1	Sept.	148	(1)	(1)
Ceylon	360	22	6.1	Sept.	281	22	7.7
Cyprus	163	9	5.4	Apr.	54	3	5.8
Iraq	424	39	9.2	Feb.	59	2	3.2
Jordan	154	19	12.3	June	74	7	9.1
Kuwait [3]	593	129	21.7	June	318	60	18.8
Southern Yemen [4]	200	3	1.5	June	120	2	1.3
Syria	264	9	3.6	Mar.	63	6	9.8
Africa							
Angola	275	36	13.2	Mar.	63	10	15.0
Cameroon [5]	177	9	5.1	June	94	5	5.3
Congo (Brazzaville)	82	3	4.1	June	42	(1)	(1)
Gabon	68	6	9.2	Apr.	23	2	9.1
Malagasy	145	10	6.8	Aug.	107	5	4.7
Malawi	80	.2	2.8	Mar.	16	1	6.4
Mauritius	[2] 58	[2] 1	[2] 2.1	Mar.	20	(1)	(1)
Mozambique	199	9	4.4	Jan.	20	1	4.4
Reunion	116	1	1.0	Mar.	29	(6)	0.5
Senegal	[7] 88	[7] 2	[7] 1.8	(1)	(1)	(1)	(1)
Sierra Leone	90	10	10.7	Apr.	27	3	10.1
Sudan	233	19	8.0	(1)	(1)	(1)	(1)
Tunisia	261	66	25.4	Apr.	78	16	21.2

Note: To present comparable statistics for all countries, import data for Malawi have been adjusted from an f.o.b. to a c.i.f. valuation.

[1] Not available.
[2] January-September.
[3] Excludes oil company imports.
[4] Formerly Fed. of South Arabia (Aden).
[5] Data refer to East Cameroon only.
[6] Less than $500,000.
[7] January-June.

Sources: Official trade statistics of listed countries.
International Monetary Fund, *International Financial Statistics.*

'Industrial Outlook' study has export, import forecasts

New Commerce publication ranges over 109 U.S. industries

Patterns of brisk export activity in industries of sophisticated technology and of rising competition from imports in many major areas of the nation's economy emerge from the 335-page *U.S. Industrial Outlook 1969* just published in the Commerce Department's Business and Defense Services Administration.

Among the highlights of the status reports and forecasts covering 109 industries were these items related to international trade:

► Construction machinery, air conditioning and refrigeration equipment, electronic components, instrumentation and controls, photographic equipment, and computers, all bright spots in recent U.S. export performance, will continue to compile good though varying records.

► The imposing trade surplus in the chemical area, about $2 billion in 1968, should continue at about that level in 1969.

► Renewed import drives are expected in many consumer goods fields, ranging from textiles and leather to toys, sporting goods and automobiles.

More than 100 industries

Forecasts of the 109 industries covering both domestic and export activity show that 11 expect to grow by more than 10% in 1969, 50 by 5 to 10%, 42 by less than 5%, and 6 expect no change or a decline.

Overall, 1969 economic prospects are mixed. Increases in tax payments will exert some downward pressure during the early months of the year, and consumer spending may be less exuberant. Trade, services, and other non-manufacturing sectors will provide much of the basic strength of the year's performance.

The Outlook contains manufacturing statistics for each state and selected metropolitan areas.

U.S. Industrial Outlook 1969 is for sale at $2.50 a copy by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402, or through any of the Commerce Department's Field Offices.

U.S. Trade with Eastern Europe: 1966-68

(millions of dollars)

Country	U.S. Exports 1966	1967	1968[a]	U.S. Imports 1966	1967	1968[a]
Total	197.8	195.1	207.2	178.7	177.2	198.5
Bulgaria	3.6	4.2	4.6	2.5	2.8	4.1
Czechoslovakia	37.3	19.2	13.6	27.7	26.2	23.2
East Germany	24.9	26.3	26.3	8.2	5.7	5.5
Hungary	10.1	7.6	12.5	3.0	3.9	3.8
Poland	53.0	60.8	70.2	82.9	91.0	99.6
Romania	27.1	16.8	16.4	4.7	6.2	5.6
USSR	41.7	60.2	53.4	49.6	41.2	63.1

[a] Annual estimate based on trade for the 11-month period Jan.-Nov. 1968.
Source: U.S. Department of Commerce.

U.S. trade with Eastern Europe at constant level in recent years

Stationary situation runs counter to growing worldwide trade by bloc nations, and general increase in U.S. activity

By ERNEST RUBIN
Director, Sino-Soviet Division, BIC

United States trade with the Soviet bloc countries of Eastern Europe has remained at constant levels since 1966. (These countries are: Albania, Bulgaria, Czechoslovakia, East Germany, Hungary, Poland, Romania, and the USSR). This has occurred despite substantial increase in U.S. trade and in Eastern European trade with the rest of the world during this three year period.

Eastern Europe has annually constituted less than 1% of U.S. global trade since the end of World War II. In the decade 1957-66, there was a moderate and steady growth in the trade turnover, from $145 million to $376 million.

The statistical picture is quite straightforward. United States exports to Eastern Europe amounted to $198 million in 1966 and $195 million in 1967. It is estimated that in 1968 U.S. exports to this area will amount to about $207 million. On the import side, United States purchases from Eastern Europe were $179 million in 1966 and $177 million in 1967. For 1968 U.S. imports from Eastern Europe are estimated at around $198 million. If the 1968 estimates were adjusted for price increases, however, the trade in real terms would be close to the 1966-67 import levels.

Although aggregate trade between the United States and this region is comparatively stable, considerable trade variation exists between the United States and individual countries of Eastern Europe. Table 1 shows U.S. exports to and imports from the principal Eastern European countries for the period 1966-68.

Poland is the only country in this group with which there has been a steady and substantial growth in U.S. exports and imports during this period. Of the Soviet bloc countries in Eastern Europe, only Poland receives most-favored-nation tariff treatment on its exports to the United States. Poland is the most important U.S. trading partner in Eastern Europe, accounting for over 35% of U.S. exports to and about 50% of U.S. imports from this region.

The USSR, despite its size, ranks second in importance as a U.S. trade partner among East European countries. The Soviet Union accounts for about 25% of U.S. exports to and about 30% of U.S. imports from Eastern Europe, but its trade with the United States fluctuates rather sharply from year to year. Thus, U.S. exports to the Soviet Union reached $60 million in 1967, but, declined to about $54 million (estimated) in 1968. United States imports from the Soviet Union during this three year period totalled $49 million in 1966, dropped to $41 million in 1967, and rose to an estimated $63 million in 1968. The trade of the smaller Eastern European countries with the United States has been relatively stable but at rather low levels.

The commodity composition of U.S. trade with Eastern Europe, by principal categories, is provided in Table 2. Agricultural commodities are the principal component, accounting for more than 40% of U.S. exports to this region. Other U.S. exports include crude industrial materials and small amounts of machinery. United States imports from Eastern

U.S.-East Europe in Selected Commodities: 1966-68

(millions of dollars)

	U.S. Exports 1966	1967	1968[a]		U.S. Imports 1966	1967	1968[a]
Total	197.8	195.1	207.3	Total	178.7	177.2	198.5
Of which:				Of which:			
Corn	23.6	24.7	33.2	Meat products	37.6	45.0	43.0
Grain sorghums	28.7	8.8	10.5	Fur skins	12.2	7.3	9.1
Feedstuffs (animal)	7.9	12.4	16.9	Chrome ore	6.3	7.0	7.6
Hides, skins	30.3	25.4	10.1	Textile fabrics	5.3	4.8	7.7
Oilseeds, nuts	3.9	8.3	5.7	Glass products	7.4	8.0	9.0
Pulp and waste-paper	7.4	9.7	15.4	Diamonds	3.6	6.8	11.0
Cotton, unmfg.	10.2	6.6	11.9	Iron and steel	18.8	12.1	11.4
Manmade fibers	2.4	5.4	1.3	Platinum group metals	19.0	10.7	28.9
Oils, fats, waxes	13.5	4.1	4.9	Nonferrous metals	2.7	5.9	6.8
Organic chemicals	3.6	8.8	4.9	Metalworking machinery	6.6	7.3	3.6
Inorganic chemicals	.8	6.7	11.8	Fish products	3.5	3.1	3.8
Nonelectric machinery	3.9	3.9	20.3	Metal mfg.	2.7	3.8	4.0
Electric measuring instruments	2.2	3.2	2.3	Organic chemicals	2.7	2.1	1.6

[a] Annual estimate based on trade for the 11-month period, Jan.-Nov. 1968.
Source: U.S. Department of Commerce.

Europe are heavily concentrated in meat products; this category accounts for over 20% of total U.S. imports from Eastern Europe. Platinum group metals, industrial diamonds, chrome ore, furs, and iron and steel products make up about one-third of U.S. imports. The remainder consists of crude materials, fish products and miscellaneous goods.

Interest by the U.S. business community in trading with Eastern Europe has grown gradually since 1957. A number of important political and military events in recent years, however, have had adverse influences on a continuing expansion of United States trade with this area.

In 1966 an East-West Trade bill was proposed which, if passed, would have enabled the President to conclude commercial agreements with Eastern European countries for the purpose of enlarging trade with them. This bill was not voted upon and was not resubmitted for consideration in 1967 and in 1968. In 1968 legislation was passed which prohibits the EX-IM Bank from granting credits or guarantees for exports destined for countries that aid North Viet-Nam. This legislation precludes, therefore, the financing of U.S. trade with the East European countries because they are currently aiding North Viet-Nam.

A liberalization of U.S. export controls has taken place in recent years. At present U.S. export controls continue to be broader and stricter than those of the other NATO countries and Japan. With the exception of Poland, there has been no governmental action or Congressional legislation to provide MFN tariff treatment on goods coming from Eastern Europe. Trade development between the United States and Eastern Europe in the next few years will depend upon an easing of international tensions and upon appropriate steps by the United States and the East European countries to facilitate trade and related commercial activities.

Conversion values of European currencies given

By PAUL A. MAYER

Office of International Trade Promotion, BIC

The accompanying table shows the value of the dollar in terms of principal European currencies, the value of these currencies in terms of dollars and the value of all currencies listed in relation to each other.

Thus, the table can be used to answer the following questions:

► How many European currency units will one dollar buy? Example (line 1, United States): $1 will buy 50 Belgian francs. (Bfrs.)

► How many dollars will buy 100 currency units of a given European country? Example (line 3, Belgium): to buy 100 Belgian francs a businessman must spend $2.

► How many currency units of a listed country will 100 currency units of another country buy? Examples (line 3, Belgium): 100 Belgian francs will buy 10 French francs or 8 German marks or 50 Austrian schillings.

► How many currency units of a listed country will buy 100 currency units of another country? Examples: To buy 100 French francs a businesman must spend 1000 Belgian francs (see line 5, France); to buy 100 German marks, he has to spend 1250 Belgian francs (see line 6, Germany); and to buy 100 Austrian schillings he must spend 200 Belgian francs (line 2, Austria).

Suppose a U.S. businessman at the end of a visit to Belgium has a 1000-Belgian-franc bill left in his wallet. Looking at the table (line 3, Belgium), he will find that he can get $20 for that bill; if he travels from Belgium to Germany, he need not change that money first into $20 and then into German currency—he can change it directly into 80 German marks; should he travel from Belgium to France, he can change his 1000 Belgian francs directly into 100 French francs.

Some figures are rounded off. The table, current as of Jan. 2, is intended to serve merely as a rough desk tool. For close financial calculation, up-to-the-minute information should be obtained from banks or other financial institutions specializing in foreign exchange.

Country	Currency units	Value in	$	$	Bfrs	Dkr	Ffrs	DM	£ sh d	Lire	Hfl	Nkr	Esc	Pts	Skr	Sfrs
United States	Dollars	$..... 1		25	50	7.50	5	4	–. 8.4	625	3.60	7	28	70	5	4.30
Austria	Schillings	$..... 100	4		200	30	20	16	1.13.–	2,500	14	28	110	275	20	17
Belgium	Belgian francs[1]	Bfrs..... 100	2	50		15	10	8	–.16.9	1,250	7	14	57.50	140	10	8.50
Denmark	Danish kroner	Dkr..... 100	13.50	330	650		65	55	5.10.–	8,500	48	93	380	930	70	58
France	French francs	Ffrs..... 100	20	515	1,000	150		80	8. 9.–	12,750	75	145	575	1,420	105	88
Germany	Deutschmark	DM..... 100	25	630	1,250	190	125		10. 8.–	15,625	90	180	710	1,750	130	108
Great Britain	Pounds[2]	£..... 1.–.–	2.40	70	120	18	12	10		1,500	8.75	17	70	170	12.50	10.50
Italy	Lire	Lire..... 1,000	1.60	40	80	12	8	6.50	–.13.–		5.75	11.50	45	110	8.25	7
Netherlands	Holl. florins	Hfl..... 100	27.70	700	1,400	210	136	110	11.11.–	17,300		200	800	2,000	143	120
Norway	Norw. kroner	Nkr..... 100	14	350	700	105	70	56	5.17.–	8,750	50.		400	980	72.50	60
Portugal	Escudos	Esc..... 100	3.50	90	175	26	17	14	1. 9.–	2,200	12.50	25		245	18	15
Spain	Pesetas	Pts..... 100	1.45	37	72.50	11	7.25	6	–.12.–	900	5.25	10.50	42		7.50	6.25
Sweden	Swedish kroner	Skr..... 100	19.50	490	967	145	95	77	8. –.–	12,000	70	140	550	1,350		85
Switzerland	Swiss francs[3]	Sfrs..... 100	23.20	585	1,160	175	114	92	9.13.–	14,500	84	165	660	1,625	120	

[1] Used also in Luxembourg. [2] Used also in Ireland. [3] Used also in Liechtenstein.

Ad executives report success in experimental Australian mission

Variety of business negotiations evolved as result of first overseas visit of AMIN group, to Sydney and other cities

The value of Operation Guinea Pig, as trade missions go, exceeded expectations.

The experiment of sending out a trade mission comprised of advertising men is considered to be well worth the effort, according to a report submitted to the Commerce Department.

The Advertising and Marketing International Network (AMIN), an affiliation of agencies in the United States and overseas, last fall sent a mission to Australia to encourage an interest in the products of their clients and to offer Australian businessmen a better knowledge of marketing and advertising methods in the U.S.

"Never before has a group of advertising and marketing executives had such a trade mission," explains Roy Gootenberg, head of the Commerce Department's Trade Missions Division. "The advantage of a group of people in the advertising field is that they, in fact, represent a breadth of experience and the interests of a great many manufacturers."

Some 70 U.S. corporations were represented directly and individually in the recently concluded trade mission, which was comprised of executives of advertising agencies. From various sections of the United States, they found interest for client products on a direct export basis, on a joint venture basis, and on licensing arrangements.

Seymour Preston, leader of the mission and president of Arndt, Preston, Chapin, Lamb & Keen, Philadelphia, reports, "A tight schedule of business conferences was set up by the Department of Commerce representative and the Australian representative of AMIN in Sydney, Melbourne, Adelaide and Perth. These meetings were with officials of the various Australian states, and with individual businessmen who wanted to represent specific lines of manufactured products."

Preston drew these conclusions:

► Contacts with businessmen in Australia will prove increasingly effective for months to come as various American clients' interests are developed.

► Whereas Australians keep referring to their small population of 12.5 million people in an area the size of continental United States, the upthrust of the Australian economy is such that it becomes a worthwhile market to consider.

► Almost daily, Australian newspapers announce new mineral discoveries, particularly in Western Australia. It behooves businessmen in the United States to join with Australia in development of its natural resources. There is an economic excitement in Perth that is reminiscent of descriptions of the days of the '49ers in our own country—but with all the technology of today.

► Too often, Americans and trade missions from the United States to Australia are going only to Sydney and Melbourne. They should go to Adelaide and to Perth, capital of Western Australia. The mineral deposits, according to geologists, "are beyond estimate."

Examples of types of business negotiations that evolved through the AMIN mission include: Store-wide promotion for 1970 of an America Week with one of the largest Australian department stores, with branches throughout the country; extension of a licensing arrangement for Drexel Furniture Co. through an Australian manufacturer; exploration of a joint venture for manufacture of an American-made building product, Panelfab; development of plans for an anniversary promotion for Simmons Co. in 1970; and international style program for John B. Stetson, manufacturer of men's hats.

Robert Kilgore, Gray & Kilgore, Inc., of Detroit spoke to businessmen and advertising executives at Australian Square in Sydney on "How salesmen can get more effective mileage from industrial advertising."

Lowe Runkle, Lowe Runkle Co., Oklahoma City, flew directly from production of some new television commercials in Hollywood to present the marketing strategy and creative development of his campaign for a client's super quality lubricating oil. With the growing use of commercial television and interest in color television in Australia, this particular session attracted widespread attention.

William Sanborn, Winius-Brandon Co. of St. Louis, pointed out the possibilities of expanding interest in industrial development of Western Australia through added emphasis on tourism: "Where people travel for pleasure, they also become aware of the industrial and business opportunities available. This has been demonstrated in promotion, publicity and advertising for the State of Missouri."

Speaking for Australian businessmen, David Young, Managing Director of Weston Advertising, said, "The large turnouts of businessmen at Australia Square to hear about marketing and advertising trends in the U.S. attests to the interest we have in American communications."

And the AMIN mission members agreed that while the schedule had been tightly timed, it had been stimulating to have contact with an economy that shows such excitement for the future.

AD MEN from U.S., Australia discuss marketing on mission visit to Melbourne, Sydney, Perth, Adelaide.

EXHIBITION BRIEFS *WORLDWIDE*

MODERN ELECTRONICS FAIR, LJUBLJANA, YUGOSLAVIA, Oct. 8-13. 204 exhibitors, including 177 from 21 countries outside Yugoslavia. 39 U.S. exhibitors, more than double the U.S. participation in the 1967 fair. Three new countries and nine new exhibitors in 1968, as well as expanded exhibit area. No attendance figures available, but reports from U.S. exhibitors indicate satisfaction with visitors and sales results. Next fair, October, 1969.

GERMAN HOTEL TRADE SHOW, FRANKFURT, GERMANY, Oct. 12-20. Held concurrently with International Culinary Art Exhibit. 498 exhibitors in both events, showing kitchen and catering equipment, as well as foodstuffs and beverages. 14 U.S. companies participated, reporting good sales and encouraging attendance. Most were repeat exhibitors. U.S. commercial officers report that the market for hotel and restaurant equipment looks good in Germany. Many fairs are devoted to this trade, but none of them is considered the best bet over the others for sales building. Next national Hotel Trade Show this fall.

INTERNATIONAL MACHINE TOOLS SHOW, OPORTO, PORTUGAL, Oct. 19-27. Over 300 exhibitors, including 244 firms from seven foreign countries. 14 U.S. companies in the show, all represented by local agents. Visitors totaled 15,000, with about 2,000 registered as having a definite commercial interest in the products on display. Representatives of U.S. firms reported selling most of the equipment they had on display, but felt results could be better with longer show hours. No date set for next fair after this first of its name for Portugal.

INTERNATIONAL EXHIBITION FOR HYDRAULICS AND PNEUMATICS, ZURICH, SWITZERLAND, Oct. 31-Nov. 5. 182 exhibitors, representing 450 European and foreign manufacturers from Switzerland, U.K., France, Austria, Italy, and the United States. 66 U.S. manufacturers represented. Attendance 12,500, about the same as in 1966, the last previous edition of the fair. About 30% of visitors from outside Switzerland. Sales possibilities appear good for such U.S. products as hydraulic pumps, motors, valves, and assemblies. Next fair, 1970.

FIRST OF THREE U.S. WINE PROMOTIONS IN AUSTRALIA occurred on the Matson liner Mariposa, where Frank Margan, a columnist for the *Sydney Daily Telegraph* checked a table of California products.

California wines show their sparkle at Sydney exhibits

Wine Institute and Matson Lines cooperate in special promotion

The U.S. Consulate General in Sydney, Australia, recently cooperated with the Wine Institute of San Francisco and Matson Lines in staging a series of California wine promotions in Sydney. The Wine Institute assembled a selection of wines from 15 vintners totaling 15 cases and Matson carried the wines without cost.

The first event was tied to the regular monthly luncheon of the foreign government trade representatives in Sydney, comprised of all the Trade Commissioners and Commercial Officers of foreign countries maintaining official establishments in Sydney. Representatives of leading trade associations such as the Chamber of Manufactures of New South Wales, the Sydney Chamber of Commerce, the Retail Traders Association of New South Wales, and official representatives of Australia's Department of Trade and Industry were also present. The event was staged on the Matson liner *Mariposa*. There were two tables of wines for tasting—one of reds and one of whites, a total of 38 varieties.

The second event was a wine tasting at the residence of American Consul General James L. O'Sullivan. Fifty people were invited, mainly Australians—wine connoisseurs, wine importers, wine writers for newspapers and magazines, representatives of business groups and managing directors of important companies which either distribute food products or beverages.

Two of the cooperating vintners were already represented in the market, and officials of the other 13 said they would welcome inquiries from Australia. There was a strong interest in some of the red wines, since there is currently a shortage of Australian aged red wines. One of Sydney's top restaurateurs, who makes a point of offering quality wines, was particularly impressed with several wines.

A third and concluding event in the series of promotions was a small informal wine buffet at the residence of Commercial Attache Paul H. Brent. Among the guests were persons considered to be potential importers and two top buying officials of Sydney department stores with wine departments.

Three representatives from the Australian Wine Consumers Cooperative Association now plan to meet with their purchasing board to report their judgment of the different wines with the idea of a trial purchase for the 6,000 members of this association.

Chicago show has world trade forum

A symposium on world trade will be held in Chicago Jan. 28 as part of the 19th International Heating and Air Conditioning Exposition, under the sponsorship of the American Society of Heating, Refrigeration and Air Conditioning Engineers.

Joel D. Honigberg, president of J. D. Marshall International, and Milton R. Frank of Commerce Department's Business and Defense Services Administration, will be co-chairmen of the symposium, scheduled for 9 a.m. at the Conrad Hilton Hotel.

Others who will speak include: Frank J. Versagi, editor of *Air Conditioning, Heating and Refrigeration News;* Dr. Stanley F. Gilman, Carrier Co.; Alwin B. Newton, York Division of Borg-Warner Corp.; Ralph J. Epstein, A. Epstein & Sons; Carl P. Wallace, Sam P. Wallace & Co; E. Robert Kent, Poole & Kent Co.; William D. Fitzgibbons, Refrigeration Service Engineers Society; James Alter, Harry Alter Co.

Also Joseph E. Kumler, Ranco, Inc.; Alfred F. Miossi, Continental Illinois National Bank & Trust Co.; Anthony J. Buchar, Department of Commerce Chicago Field Office; Robert W. Barrie, Committee of American Steamship Lines; Jack M. Smith, Moore-McCormack Lines; Arthur Bayliss, National Committee on International Trade Documentation, and D. E. Akins, Westinghouse Electric International.

Paris department store seeks items with 'Year 2000' theme

"The Year 2000" will be the theme at au Printemps stores in Paris next fall as products of the future from a number of nations are featured in an extensive retail sales promotion.

Consumer products of the future will be prominently displayed for the promotion, and U.S. manufacturers of the latest household goods designed for modern needs may wish to contact the French store or the store's U.S. buying office regarding purchases of U.S. products for the sale.

Also sought by au Printemps for the fall exhibition are special exhibits of futuristic designs, such as kitchens or other rooms of the future which show possible developments in home appliances and consumer items by the end of this century.

Write: Georges Galitzine, Director, De La Centrale D'Achat Printemps, 102 Rue de Provence, Paris 9e, France; **or** Kirby, Block & Co., Inc., 393 Seventh Ave., New York, N.Y. 10001; **or** U.S. Department of Commerce (BIC-926), Washington, D.C. 20230.

American-Arab business unit plans February Algeria visit

The American-Arab Association for Commerce and Industry, Inc., of New York, a private organization whose members have business interests in the Middle East and North Africa, is planning a trade and investment mission to Algeria, scheduled to visit Algiers Feb. 15-28.

Mission members will investigate opportunities for participation in projects concerning mineral exploration, the chemical and petrochemical industries, manufacturing and metallurgy, shipping, fisheries and wine-making.

Announcing the mission's schedule the president of the American-Arab Association, Charles C. Bonin, noted that Algeria has contracted with American firms for a number of project feasibility and research studies, and commented that the proposed trip may stimulate a trend toward a closer and mutually productive economic relationship between Algeria and the United States.

Eximbank loan buys U.S. goods for Argentine plant

The Export-Import Bank has authorized an Alliance for Progress credit of $8.3 million to assist Corporacion Cementera Argentina, S.A., in purchasing U.S. goods and services required for the expansion of its cement plant at Yocsina, Argentina.

The prime U.S. supplier will be the Fuller Co. of Catasauqua, Pa., which will provide equipment capable of producing 1,500 tons of cement per day. The increased output will help to fill a shortage of cement developing in Argentina as a result of a major public works program and continuing growth in private demand for cement.

The new equipment should be fully installed by mid-1971.

Galo Plaza to speak

Galo Plaza, Secretary General of the Organization of American States, will speak on U.S. partnership in the Alliance for Progress at the final January session of the International Study and Research Institute, Inc., at 8 p.m. on Jan. 28 at 4 W. 43rd St., New York.

Physical education exhibition scheduled for July in France

U.S. firms in the physical education and sports equipment fields have been invited to submit displays for the first International Exhibition of Physical Education and Sports and a concurrent World Congress on the same theme, to be held July 5-14 in Strasbourg, France.

Late in 1968, the exhibition organizers reported that they expect some 50 foreign countries to be represented at the show.

Special emphasis will be placed on equipment for schools at the exhibition, and an effort is being made to attract persons in the physical education field from as many countries as possible.

Write: Theo Werey, Secretary General, Federation Francaise de Gymnastique Educative et de Gymnastique Volontaire, 8, Rue du Stade, 67-Mundolsheim, France.

Chicago world traders plan five-country Latin mission

A five-country itinerary in South America is planned for a Feb. 14-Mar. 8 Chicago Economic Mission, sponsored by the World Trade Division of the Chicago Association of Commerce and Industry.

The trip will explore new export opportunities, joint venture and licensing arrangements, new trade for the Port of Chicago, and closer cooperation between Chicago business and civic officials and their counterparts in South America.

The mission will stop in Lima, Santiago, Buenos Aires, Sao Paulo, Rio de Janeiro and Caracas. A special "Who's Who" brochure is now being prepared by the sponsoring association, to list the business affiliations of all mission members.

World Bank is borrowing $100 million in Germany

The World Bank has arranged a private placement of a sum totaling DM 400 million ($100 million) with the Rheinische Girozentrale und Provinzialbank, Dusseldorf, in cooperation with other German banks.

In announcing this borrowing, World Bank President Robert S. McNamara said "This is a further step in our borrowing program which will permit an enlargement of our development effort within the same high standard of careful evaluation and sound financing that has been traditional with the World Bank. I am grateful to all those German authorities and institutions who have played so large a part this year in enabling us to meet our targets."

New Zealand exempts additional machinery from import controls

Equipment for bookbinding, papermaking, printing, glassworking, textile and cement industries included in list of exempted items

The New Zealand Government has listed 17 tariff items which were exempted from the requirement of an import license effective Nov. 29, 1968.

Exempted items are: Ex 84.32.00—bookbinding machinery, including book-sewing machines (other than machines for glueing strips of paper or textiles onto loose leaves, and gang or gather stitch machines); Ex 84.33.00—paper or paperboard cutting machines, other machinery for making up paper pulp, paper, or paperboard (other than hand shear guillotines and collating machines); Ex 84.56.00—machinery for agglomerating, moulding, or shaping solid mineral fuels, ceramic paste, unhardened cements, plastering materials, or other mineral products in powder or paste form (excluding concrete blockmaking machines); 84.57.00—glass-working machines (other than machines for working glass in the cold), machines for assembling electric filament and discharge lamps and electronic and similar tubes and valves; 84.34.01—type-casting machines and accessories (including matrices).

Ex 84.34.09—other type-founding and type-setting machinery (excluding stereo-moulding machines and stereo-grinding machines and lithographic printing plates); Ex 84.35.01—printing machinery (excluding printing rollers made of metal and covered or faced with rubber or polyurethane, when imported as parts of printing machines, heat embossing machines and silk-screen printing machines); Ex 84.35.-09—machines for uses ancillary to printing (excluding paper drills up to one in. diameter and paper jogging boards); 84.37.03—embroidery machines which, by means of needles, embroider designs with one or more threads on an existing ground of woven fabric or other material.

84.40.31 and 84.40.38—machinery for cleaning, dressing, finishing, or coating textile yarns, fabrics, or made-up textile articles (other than drycleaning, washing, and laundry machines, bleaching and dyeing machinery, and drying machines); fabric folding, reeling, or cutting machines (other than shirt folding tables); machines of a kind used in the manufacture of linoleum or other floor coverings for applying the paste to the base fabric or other support; machines of a type used for printing a repetitive design, repetitive words, or overall color on textiles, leather, wallpaper, wrapping paper, linoleum, or other materials.

Ex. 84.45.14—automatic single and multi-spindle bar lathes, automatic chucking lathes; Ex 84.45.15—multi-spindle drills, radial drilling machines not less than one in. capacity; Ex 84.45.16—duplicating, profiling, and pantograph milling machines; Ex 84.45.17—internal or external cylindrical grinding machines, centerless grinders; 84.46.00—machine tools for working stone, ceramics, concrete, asbestos-cement and like mineral materials, or for working glass in the cold, other than machines falling within heading No. 84.49; 85.12.02—electric soil-heating apparatus.

Exemptions were also announced for ammonia gas compressors and concrete vibrators over three in. in diameter.

IDA credit to finance Indonesian project studies

A $2 million credit to Indonesia by the International Development Association (IDA), will finance the services of consultants, including management experts, to undertake preinvestment and feasibility studies. The technical assistance projects will be selected by the Indonesian Government in association with the Director of the World Bank's Resident Staff in Djakarta.

The IDA funds will be used in cases where other funds are not readily available on appropriate terms or cannot be used to provide, in time, the type or quality of consultants' services required.

The high-priority studies to be financed by the IDA credit are intended to lead to assistance or investment from a variety of sources and not necessarily, as in the normal case of Bank or IDA technical assistance loans, to investment projects expected to be financed by the Bank Group itself.

U.K. consultants chosen for Pakistan steel mill

The recently-established Pakistan Steel Mill Corp. (PSMC) has chosen a British consultant, the International Construction Co., to conduct a feasibility study for the proposed Karachi Steel Mill (INTERNATIONAL COMMERCE, Aug. 12, p. 18). The U.K. concern was in competition with firms from three other countries, including the United States.

According to Pakistan press reports, the consultants will prepare specifications and tender documents, evaluate bids, advise the Pakistanis during negotiations for financing, and assist the PSMC in a variety of other ways once the final report is completed. The deadline for submitting the report is Apr. 23. The Pakistanis hope to approve the report during the summer and complete the tender stage by the early months of 1970.

S. S. Jafri, Chairman of the Steel Mills Corp., is reported to have said that enterprises in seven countries—United States, United Kingdom, France, West Germany, Italy, Czechoslovakia, and Romania—have indicated an interest in construction of the 500,000-metric-ton capacity mill.

El Salvador ends 100% prior deposit on luxury imports

With the Central American Common Market 30% tariff surcharge now in effect for El Salvador, the Central Reserve Bank of El Salvador has eliminated the 100% prior deposit requirement placed on imports of non-essential goods. As of Nov. 9, 1968 such merchandise may be imported, provided that payment is made before its release by customs authorities.

This change should be noted in OBR-67-65, *Foreign Trade Regulations of the Central American Common Market.*

Temporary import quotas ended by France Jan. 1

The emergency import quotas which France had established on a temporary basis following the May-June general strike have been eliminated, as scheduled, by Jan. 1.

These quotas concerned certain textiles, steel-mill products and household appliances. Quotas on motor vehicles had ended on Oct. 31. (INTERNATIONAL COMMERCE, July 8 and July 15, reported quota items.)

ADB approves loans to Pakistan, Taiwan

Grants will aid development bank and petrochemical plant

The Asian Development Bank (ADB) has granted two loans, totaling over $20 million, to Pakistan and Taiwan.

An ADB loan of $10 million has been approved to the Industrial Development Bank of Pakistan (IDBP).

The loan will enable the IDBP, one of the two principal industrial development banks in Pakistan, to meet the medium and long-term credit requirements of small and medium-scale private industries.

The loan is for a maximum period of 15 years, including a grace period not exceeding three years. It will carry interest at the lending rate of the ADB prevalent at the time of crediting the loan account.

The IDBP, which was established in 1961, has an authorized capital of Rs. 60 million (one U.S. dollar equals 4.76 rupees) of which Rs. 30 million has been paid-in and an additional Rs. 10 million was scheduled to be paid in by the end of 1968. The IDBP's lending resources in rupees are derived from capital and reserves, advances from the Government, credits from the State Bank of Pakistan and term deposits.

Foreign currency resources at the IDBP's disposal come largely in the form of allocations from external credits arranged by the Government. The IDBP has also received suppliers' credits and loans directly from foreign sources; it has not so far secured assistance from international financial institutions.

The ADB also has approved a loan equivalent to $10.2 million to the Chinese Petroleum Corp., a wholly-owned government corporation, for the purpose of financing the foreign exchange cost of the construction and start-up of a petrochemical plant in Kaohsiung, Taiwan.

The project envisages the establishment of a plant for the manufacture of 26,400 metric tons per year of dimethyl terephthalate (DMT), an intermediate used in the production of polyester fiber which is in considerable demand in the textile manufacturing industry. The total cost of the project is estimated at $23.08 million.

The DMT project, economically viable in itself, is expected to aid in the promotion of certain avenues of regional cooperation decided upon by the Republic of China and Korea at the Fourth Sino-Korean Ministerial Level Economic Cooperation Conference which was held in July 1968.

Under the proposed cooperative effort, both the Republic of China and the Republic of Korea will seek to develop economic and mutually complementary productive capacity in respect of petrochemicals-based intermediates for synthetic fibres and develop joint markets for these products between the two countries, the Republic of China producing DMT and the Republic of Korea producing caprolactam.

Canadian Tariff Board to hold feedstock hearings

Beginning Mar. 10 the Canadian Tariff Board will hold hearings on fractions of petroleum used as feedstocks in the manufacture of organic chemicals. The specific tariff items under consideration are 26901-1 and 26902-1, with duties of $.01 and $.005 per gallon, respectively.

The Canadian chemical industry contends that the present rates are too high, and, as a result, have inhibited petrochemical developments in eastern Canada by allowing Canadian petroleum refiners to charge an unduly high price.

Briefs or submissions by interested parties, including U.S. exporters, should be filed in writing with the Secretary, The Tariff Board, Ottawa 4, Ontario, not later than Friday, Feb. 14.

Yugoslavs to supply new E. Pakistan slaughterhouse

East Pakistan's first modern slaughterhouse is being built near Dacca by the Dacca Municipal Committee (DMC) with $672,000 (equivalent) foreign exchange financing from Yugoslav credits to the Industrial Development Bank of Pakistan. The remainder of the project's total cost of $2 million is to be met by the DMC, according to the Pakistan press. All machinery for the slaughterhouse will be supplied by Yugoslavia. The complex is to consist of a main building covering 20 acres with separate floors for killing, dressing, and cooling; quarantine carriage; boiler house; laundry; service station; by-product building; clinic; and water supply unit.

Chile reduces wait for foreign exchange

On Nov. 28 the Chilean Central Bank lowered the mandatory waiting period for the remittance abroad of exchange in payment of import transactions from 60 to 30 days after the date of the bill of lading. Simultaneously the Bank reduced the waiting period for the delivery of future exchange from 82 to 78 days. The requirement that most imports be paid in local currency not later than 60 days after the date of the bill of lading remained unchanged.

In view of the above requirements, it appears that the minimum and maximum waiting periods for an exporter to receive payment would be 30 and 128 days, respectively. The exporter would receive payment in 30 days if the importer covered the transaction in local currency 48 days prior to the date of the bill of lading and entered into a futures exchange contract under which exchange would be delivered 78 days hence. In this case the exchange would be available for remittance 30 days after the date of the bill of lading.

In the event that the importer waits until the end of the 50-day period to cover and then enters into the 78-day futures contract, exchange would not be available for remittances until 128 days transpired from the bill of lading date.

In another action the Central Bank limited to a minimum of one year the waiting period for remittances of foreign exchange brought into Chile as a capital entry under the terms of Article 14 of Decree 1272 of Nov. 11, 1961. Article 14 permits individuals and firms to bring into Chile foreign exchange for sale to the Central Bank. The Bank then issues a certificate which enables them to reexport the exchange.

Reportedly, a 10% tax will be levied on any return of foreign exchange abroad effected within one year of its entry.

Canada aids Asian Bank

The Asian Development Bank has accepted the offer by the Government of Canada of $25 million for the Consolidated Special Funds of the Bank. The contribution will be allocated to the Multi-Purpose Special Fund and used by the Bank for concessional lending to developing countries in the region.

Major petrochemical complex in Brazil is private venture

$61-million operation to provide base for industry-wide expansion

A major petrochemical complex with an estimated total installed cost of more than $61.5 million will be built by Petroquimica Uniao S.A. near Sao Paulo, Brazil. Scheduled for completion in early 1971, the plant is an olefins aromatics core facility that will utilize design and engineering technology supplied by The Lummus Co. of New York City.

Petroquimica will be one of the largest private enterprise ventures in Brazil. In addition to its own importance to the nation's economy, the project will permit the establishment or expansion of a number of other companies utilizing Petroquimica's products to manufacture a wide variety of plastics, synthetic textiles, solvents, pesticides and detergents for the Brazilian market.

Major expansion of the Brazilian petrochemical industry, actively encouraged by the Brazilian Government, hinges on the enlargement of existing plants or construction of larger, more economical units.

Raw materials vital

Establishment of larger plants, in turn, depends on the availability of an assured source of raw materials in line with present world market prices. The Petroquimica project is intended to provide this source and stimulate petrochemical industry growth.

The Petroquimica project is expected to spur new investment in Brazil totaling some $300 million over the next decade. In addition, it is expected to bring about major foreign exchange benefits to Brazil.

Plans for the project call for seven units with capacities as follows: naphtha fractionation, 25,000 barrels/day; naphtha pyrolysis for olefins, 200,000 metric tons/year of ethylene, and 150,000 metric tons/year other olefins; pyrolysis gasoline hydrotreater, 3,500 barrels/day; catalytic reformer, 8,500 barrels/day; aromatics extraction, 7,300 barrels/day; aromatics fractionation and treating, 8,000 barrels/day; hydrodealkylation utilities and offsites, 1,500 barreis/day.

Full range naphtha from Bahia crude oils will be used during the first years of operations to produce ethylene, propylene, benzene, toluene, orthoxylene, and other mixed aromatics. Design and layout arrangements provide for a programmed incremental increase over a period of several years.

Larger tractors urged for West Pakistan farms

According to the Pakistan press, a visiting consultant in agricultural engineering from the International Maize and Wheat Improvement Center in Mexico City, has submitted a report to the West Pakistan Government in which he recommends expanding the supply of tractors in the West Wing at a minimum 12% compound rate, beginning with 4,000 tractors per year averaging 35 usable horsepower. The consultant is said to oppose expansion of resources on small (15 hp.) tractors for wheat and similar crops but to recommend the modification of standardized list and import regulations in favor of 30, 45, 65, 85 and 100 hp. machines.

For a copy of the newspaper article discussing these and other recommendations in the report **write:** Near East-South Asia Division, Bureau of International Commerce, U.S. Department of Commerce, Washington, D.C. 20230 (Area Code 202) 967-4466.

Eximbank to finance Thailand satellite station, jets for Italy

The Export-Import Bank of the United States has authorized a credit of $40.8 million to help finance the purchase of four DC-9 and four DC-8 jet airliners to be used by Alitalia, the Italian national airline.

The planes will be supplied by the McDonnell-Douglas Corp. and United Aircraft Co.

The new credit brings to 59 the number of Alitalia aircraft purchased in the United States with Eximbank assistance. These purchases have had a total contract value of $377 million of which $245 million has been for Eximbank's account.

The Export-Import Bank has authorized a $2.6 million credit to help finance the dollar costs of Thailand's second satellite ground receiving and transmitting station. The new station is to be built at Si Racha, adjacent to the first station, which was also financed by Eximbank.

The new station will be used to receive and transmit voice and telegraph messages via a satellite to be placed in synchronous orbit over the Indian Ocean in 1969. The earlier station, which became operational last April, is used for communications via satellite over the Pacific Ocean.

As with the first station, the new facility is to be built under a turnkey contract which has been awarded to General Telephone and Electronics of New York.

Argentine project gets $82 million

World Bank loan will pay finance powerhouse, transmission items

A World Bank loan of $82 million will assist Argentina in building the largest hydroelectric project ever undertaken in that country—the El Chocon-Cerros Colorados development which will have an ultimate capacity of 1,650 megawatts.

The Bank loan will be made to Hidronor S.A. Hidroelectrica Norpatagonica Sociedad Anonima, a corporation recently established to carry out the El Chocon-Cerros Colorados development. The total cost of the first stage of El Chocon is estimated at the equivalent of $325 million. The Bank loan of $82 million will cover the foreign exchange costs of the civil works, consulting services and interest during construction, and the cost of penstocks and gates.

Hidronor has made arrangements with governments and banks in Belgium, Canada, France, Germany, Italy, Japan, Sweden, Switzerland, the United Kingdom and the United States to obtain buyer's credits —now expected to reach the equivalent of about $60 million—to finance powerhouse and transmission equipment purchased after competitive bidding by suppliers in the lending countries.

The El Chocon project consists of a dam on the Limay River in northern Patagonia, a powerhouse with three 200 megawatt generating units, and two 700-mile transmission lines to Buenos Aires. The power plant is scheduled for commercial operation in mid-1973.

Simultaneously, Argentina will construct the Portezuelo Grande flood control works on the Neuquen River which, together with El Chocon, make up the first stage of the El Chocon-Cerros Colorados complex. The second stage, to be executed between 1972 and 1978, provides for the installation of three more 200-megawatt units at El Chocon powerhouse. It also includes construction of an intake and hydroelectric plant with a capacity of 450 megawatts at Planicie Benderita on the Neuquen River.

Five British firms want to manufacture U.S. industrial goods

• An established London engineering firm engaged in the construction of steel bridges, girders, roofs and tanks seeks licensing agreements with U.S. companies. The firm is interested in the manufacture of products in the steel field, but not necessarily for the construction industry. It also wants to produce materials for the small boat industry which would include craft up to 40 ft. in length.

Write: Matthew T. Shaw & Company Ltd., West Ferry Rd., Millwall, London E. 14, England. WTD.

• The fabricated metal products division of a large British corporation seeks licenses from U.S. firms to manufacture and distribute mechanical handling equipment, fabricated structural steel, oil and liquid storage tanks and pressure vessels, valves and fittings used in the chemical and water industries, and allied products.

Write: Mr. R. E. Ryder, Managing Director, Sanitor Ltd., Hexthorpe Brass & Iron Works, Doncaster, Yorkshire, England.* WTD.

• A Birmingham manufacturer and distributor of office equipment and stationery supplies is interested in representing U.S. producers of high quality office equipment. The equipment would be sold principally on a direct basis, although in certain cases the British concern would distribute products through selected U.K. office equipment dealers.

The firm is also interested in distributing general stationery items through the 3,500 retail outlets of an associate company.

Write: Fonadek International Ltd., Vivian Road, Birmingham 17, Warwickshire, England. WTD.

• Licensing agreements to manufacture a conventional range of air compressors of rotary vane or similarly advanced design are sought by a British firm. The company, which has about 50 employees, currently produces pneumatic valve actuators and lubrication filters. Its line of pneumatic valve actuators is exported to 27 foreign countries.

Write: Norbro Engineering Ltd., Burrell Road, Haywards Heath, Sussex, England. WTD.

• A British manufacturer of transformers and coils seeks licenses to produce and distribute small electronic assemblies, particularly those incorporating wound components.

Write: Buckingham Electronic Engineering Co. Ltd., Castle Mills, Buckingham, Buckinghamshire, England. WTD.

Austrian manufacturer wants building materials license

A license to manufacture prefabricated interior building products, particularly ceiling panels of mineral fiber material is sought by an Austrian company. Currently, the firm and its affiliate produce gypsum and plaster building material. Since 1967, mobile room partitions have been made under a licensing agreement with a U.S. concern.

The Vienna company operates three plants and has a 320,000 sq. ft. site available for further expansion.

Write: Breuss & Co., Moderner Innenausbau, Huetteldorferstrasse 6, A-1140 Vienna, Austria. WTD.

Investment Assistance

The licensing and joint-venture proposals listed in this section are published as an informational service for U.S. firms interested in overseas affiliations. Companies responding to these opportunities should be cognizant of the present mandatory investment regulations published in the Federal Register for Jan. 3, as amended.

To receive follow up assistance and general information about investment abroad telephone: 202-967-3786 or write: Office of International Investment, Department of Commerce (BIC-878), Washington, D.C. 20230. A (*) following the name of the foreign firm indicates that additional information is available from the above address.

WTD indicates that a World Trade Directory Report containing financial and business background information on the foreign firm is available for $2 from the Department of Commerce (BIC-924), Washington, D.C. 20230 or the nearest Department of Commerce Field Office.

German firms interested in U.S. precision equipment

• Licenses to manufacturer machines, apparatus and armatures for use in the chemical and pharmaceutical industries and in industrial research are sought by a German firm. It is also interested in making products calling for a high degree of technical skill and advanced precision production equipment.

Currently, the concern makes industrial armatures, pumps, autoclaves and compressors and exports on a worldwide basis. It employs about 120 and in 1964 moved into a new, modern facility.

Write: Hofer, Andreas, Hochdruckapparatebau GmbH, 59-61 Friedrich-Freystr. 433, Muelheim/Ruhr. WTD.

• A license to manufacture digital voltmeters is sought by a German producer of measuring and testing instruments. The firm's product line includes dilatometers, thermometer scales and multiple line compensating recorders. It reportedly exports around 60% of its production.

Write: Linseis KG, Vielitzer Strasse 43, 8672 Selb, Germany. WTD.

Dutch firm wants industrial transport, loading licenses

A medium-sized Netherlands company is seeking licenses to manufacture in the Netherlands industrial transport and loading systems, and forged wheels for this and other applications. The firm, with 55 employees, operates mainly in the Common Market area.

Write: J. H. Roodbeen, General Manager, NEVA, N. V. Nederlandese Machine-En Apparatenfabriek, 6 Selzerbeeklaan, P.O. Box 11, Vaals, Limberg, The Netherlands. WTD.

Licenses, sales agreements sought by French producer

A French pharmaceutical company is interested in licenses, joint venture, and agreements involving the exchange of sales services with U.S. concerns.

Currently, the French firm specializes in the production of pharmaceutical items for the treatment of throat infections, boils and other inflammations. It operates a well equipped laboratory and employs about 30.

Write: Mr. Louis Anglade, Laboratoires Lerta, 44 Cours Camou, 64-Pau, Basses-Pyrenees, France. WTD.

World Trade Opportunities Continued through page 83

The firms and individuals in the following lists are interested in trade relations with U.S. businessmen. The commodities in which they have expressed interest are indicated by the numbers preceding the commodity classification. These numbers refer to the Standard Industrial Classification (SIC) Manual, which is available for $4.50 a copy from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Every effort is made to include only firms or individuals with good reputations. However, the Department of Commerce cannot be responsible for any trade relations.

The listing in INTERNATIONAL COMMERCE of opportunities to trade in specific commodities and technical data does not necessarily imply approval of their export by the U.S. Department of Commerce pursuant to the U.S. Export Control Act. For applicable export licensing regulations and policies, see the Comprehensive Export Schedule or consult the Bureau of International Commerce's Office of Export Control or any Department of Commerce Field Office.

- indicates that the trade opportunity represents a request for bids by a foreign government agency. A (★) following indicates that additional information may be borrowed by firms located in the U.S. from the Business and Defense Services Administration (BDSA), U.S. Department of Commerce, Washington, D.C. 20230; telephone numbers indicated. To avoid delay, requests for loan material should specify country and commodity.

★★ indicates opportunities obtained by U.S. trade missions to other countries. A (★) following these indicates that additional information may be obtained by writing the International Liaison and Trade Opportunities Staff, BDSA-541, U.S. Department of Commerce, Washington, D.C. 20230. The TM (trade mission) number is requested in correspondence. Requests for loan material should specify country and TM number.

WTD indicates that a World Trade Directory report is available on the foreign firm for which the trade opportunity is listed. These reports, indicating type of organization, sales territory, size of business, sales volume, trade and financial reputation, and other factors, are available for $2 each from the Bureau of International Commerce, BIC-924, U.S. Department of Commerce, Rm. 6059. Telephone: 202-967-4203. The date following the letters WTD refers to the date of issuance of the report. If WTD is in preparation, action will be completed on a priority basis upon receipt of request specifically identifying the trade opportunity involved.

Sales Leads for Exporters

Listed below are companies interested in buying U.S. products. Direct purchases are wanted unless a desire for an agency agreement is expressed.

202 Dairy products

MALAWI—Milk, condensed, evaporated, in smaller packs. M. M. Chunara & Co. (wholesaler), P.O. Box 70, Lilongwe. WTD 11/68.

204 Grain mill products

SWITZERLAND—New raw materials, semi-finished products, active substances for feedstuffs. Direct purchase and agency. Multiforsa AG, (manufacturer, distributor), 6301 Zug. WTD 12/68.

209 Food preparations

MALAWI—Baking yeast in ½ and ¼lb. cans. M. M. Chunara & Co. (wholesaler), P.O. Box 70, Lilongwe. WTD 11/68.

221 Broad woven fabrics mills, cotton

ITALY—Cotton fabrics, sized, water-silk surface, used in manufacture of indoor rolling window shades. Faimar (manufacturer), 86 Via Traversari, I 48100-Ravenna.. WTD 12/68.

MALAWI—Cotton textiles, colors, stripes, plain. Lower price range. Prices in £ sterling requested. London Agencies (importer, wholesaler, retailer), P.O. Box 870, Blantyre. WTD 11/68.

Cotton prints in the roll, colors, stripes, plain, for African clothing. D. T. Nathanie & Co. (wholesaler), P.O. Box 232, Lilongwe. WTD 11/68.

Broad woven cotton prints for dress-making; all patterns. Ismail Abdul Karim (wholesaler), P.O. Box 21, Lilongwe. WTD 11/68.

Cotton prints in the reel, for African clothing. Inexpensive grades. Lilongwe Commercial Agency (wholesaler, retailer), P.O. Box 152, Lilongwe. WTD 11/68.

Cotton drill clothing, khaki, and in the reel. Abdul Sattar Dor (wholesale, retail, trader), P.O. Box 170, Lilongwe. WTD 11/68.

Cotton prints in the reel for African clothing; towels. Include clearance lines, "seconds". M. M. Chunara & Co. (wholesaler), P.O. Box 70, Lilongwe. WTD 11/68.

SINGAPORE—Textiles, including suitings. Vashi's Departmental Store (retailer), 9 D'almeida St., Raffles Place, P.O. Box 847, Singapore 1. WTD in preparation.

222 Broad woven fabric mills, manmade fiber, silk

MALAWI—Men's suit, trouser materials; all patterns. Catalogs, prices in £ sterling requested. London Agencies (wholesaler, retailer, importer), P.O. Box 870, Blantyre. WTD 11/68.

Textiles in the roll, for clothing, household drapery. D.T.Nathanie & Co. (wholesaler), P.O. Box 232, Lilongwe. WTD 11/68.

Materials for dresses, manmade fibers; plain and colored. Ismail Abdul Karim (wholesaler), P.O. Box 21, Lilongwe. WTD 11/68.

Colored prints in the reel, for African clothing, inexpensive grades. Lilongwe Commercial Agency (wholesaler, retailer), P.O. Box 152, Lilongwe. WTD 11/68.

SINGAPORE—Textiles, including suitings. Vashi's Departmental Store (retailer), 9 D'almeida St., Raffles Place, (P.O. Box 847), Singapore 1. WTD in preparation.

223 Broad woven fabric mills, wool

MALAWI—Mens suitings, all patterns. Catalogs, prices in £ sterling requested. London Agencies (importer, wholesaler, retailer), P.O. Box 870, Blantyre. WTD 11/68.

225 Knitting mills, products

MALAWI—Mosquito netting; nlyon, cotton, white, green, Mahomed Abdul Karim (wholesaler), P.O. Box 60, Lilongwe. WTD 11/68.

Hats, stockings, socks, jerseys, ties for men, boys. Better and cheaper grades. Hussein Hassam & Sons (retailer), P.O. Box 20, Lilongwe. WTD 11/68.

Mosquito netting; nylon, cotton, white, colored. M. M. Chunara & Co. (wholesaler), P.O. Box 70, Lilongwe. WTD 11/68.

Women's sari lengths; nylon mosquito netting, white, colored. Prices in £ sterling requested. London Agencies (wholesaler retailer, importer), P.O. Box 870, Blantyre. WTD 11/68.

228 Yarn, thread mills, products

MALAWI—Knitting thread, white. D.T. Nathanie & Co. (wholesaler), P.O. Box 232, Lilongwe. WTD 11/68.

231 Men's, youth's, boy's, suits, coats, overcoats

MALAWI—Varieties of dress and sport outerwear for men, boys, colors and plain, chiefly lighter weights. D.T.Nathanie & Co. (wholesaler), P.O. Box 232, Lilongwe. WTD 11/68.

232 Men's, youths', boys' furnishings, work clothing

MALAWI—Jeans, slacks, shirts, jackets, ties, colors and plain. D.T.Nathanie & Co. (wholesaler), P.O. Box 232, Lilongwe. WTD 11/68.

All types of men's outerwear, including casual and work, shirts, slacks, jeans, jackets. Better and cheaper grades. Ismail Abdul Karim (wholesaler), P.O. Box 21, Lilongwe. WTD 11/68.

Men's, boys' shirts, jeans, slacks, sportwear. Lilongwe Commercial Agency (wholesaler, retailer), P.O. Box 152, Lilongwe. WTD 11/68.

Sport and dress shirts, tee-shirts, jeans, slacks, sport, lumber jackets. Cheaper and better grades, plain and colors. Hussein Hassam & Sons (retailer), P.O. Box 20, Lilongwe. WTD 11/68.

SINGAPORE—Ready-made garments. Vashi's Departmental Store (retailer), 9 D'almeida St., Raffles Place, (P.O. Box 847), Singapore 1. WTD in preparation.

233 Women's, misses', juniors' outerwear

MALAWI—Cotton and high bulk, polyester dresses for women, children; including "close-outs", "second". Catalogs, prices lists in £ sterling requested. London Agencies (importer, wholesaler, retailer), P.O. Box 870, Blantyre. WTD 11/68.

Women's and childrens dresses, costumes, blouses, jackets and coats, chiefly lighter weights; colors, stripes, plain. D.T.Nathanie & Co. (wholesaler), P.O. Box 232, Lilongwe. WTD 11/68.

Dresses, costumes, blouses, skirts, jeans in colors, patterns. Better and cheaper grades. Ismail Abdul Karim (wholesaler), P.O. Box 21, Lilongwe. WTD 11/68.

Dresses, blouses, skirts, jeans, sportswear; better and cheaper grades. Lilongwe Commercial Agency (wholesaler, retailer), P.O. Box 152, Lilongwe. WTD 11/68.

Dresses, blouses, skirts, costumes and casual outerwear. Cheaper and better qualities. Hussein Hassam & Sons (retailer), P.O. Box 20, Lilongwe. WTD 11/68.

Womens high bulk, polyester dresses, blouses, skirts, costumes, jeans. Mahomed Abdul Karim (wholesaler), P.O. Box 60, Lilongwe. WTD 11/68.

Dresses, skirts, blouses, costumes, jeans for women, girls. Cheaper lines. M.M.Chunara & Co. (wholesaler), P.O. Box 70, Lilongwe. WTD 11/68.

SINGAPORE—Ready-made garments. Vashi's Departmental Store (retailer), 9 D'almeida St., Raffles Place, (P.O. Box 847), Singapore 1. WTD in preparation.

234 Women's, misses', children's, infants' under garments

MALAWI—Undergarments for women, children, infants. D.T.Nathanie & Co. (wholesaler), P.O. Box 232, Lilongwe. WTD 11/68.

Women's misses' undergarments, cheaper qualities. M.M.Chunara & Co. (wholesaler), P.O. Box 70, Lilongwe. WTD 11/68.

SINGAPORE—Ready-made garments. Vashi's Departmental Store (retailer), 9 D'almeida St., Raffles Place, (P.O. Box 847), Singapore 1. WTD in preparation.

236 Girl's, children's, infant's outerwear

MALAWI—Children's wear, all kinds, mostly lightweight. Lilongwe Commercial Agency (wholesaler, retailer), P.O. Box 152, Lilongwe. WTD 11/68.

Baby clothing, furnishing; including "seconds". M.M.Chunara & Co. (wholesaler), P.O. Box 70, Lilongwe. WTD 11/68

SINGAPORE—Ready-made garments. Vashi's Departmental Store (retailer), 9 D'almeida St., Raffles Place, (P.O. Box 847), Singapore 1. WTD in preparation.

238 Apparel, accessories

SINGAPORE—Ready-made garments. Vashi's Departmental Store (retailer), 9 D'almeida St., Raffles Place, (P.O. Box 847), Singapore 1. WTD in preparation.

242 Sawmills, planing mills

ITALY—Douglas fir, hemlock, western red cedar, southern yellow pine, pitch pine. Abete S.a.s. (agency), Via Nicola Porpora 37, Torino. WTD 11/68.

251 Household furniture

SWEDEN—Upholstered, other furniture. AB Zackrissons Mobler (retailer, importer), Kungsbackavagen 80, S-431 90 Molndal. WTD 12/68.

265 Paperboard containers, boxes

SUDAN—Kraft paper for production of corrugated cardboard containers. Offers should be exclusively from U.S. manufacturers based on c.i.f. prices. The Union Trading Co. (importer), P.O. Box 685, Khartoum. WTD in preparation.

273 Books

SWITZERLAND—Books, all kinds, incl. old first editions. Hans Rohr (distributor), Oberdorfstrasse 5, 8024 Zurich. WTD 11/68.

283 Drugs

FRANCE—Pharmaceutical preparations, specialties, drugs for human use suitable for sale which may complete lines of products manufactured by inquirer. Agency and distributorship services offered to U.S. companies interested in mutually profitable both-way trade relations. Lerta (Laboratoires) (manufacturer), 44 Cours Camou; 64- Pau, Basses-Pyrenees. WTD 12/68.

SINGAPORE—Raw materials for manufacture of pharmaceuticals. Grace Pharmaceutical Pte. Ltd. (manufacturer), 21 Jalan Jentera, Jurong, Singapore 22. Attn: Mr. Cepher Chen Yan Sun, Managing Director. WTD in preparation.

TAIWAN—Pharmaceuticals for cardio-vessel diseases, pain relieving; anaesthetic agents. Heart Normal Enterprise Co., Ltd. (importer, agent), 58 Po Ai Road, Taipei. WTD in preparation.

284 Soap, detergents, cleaning preparations, perfumes, cosmetics

MALAWI—Shoe and furniture polishes, various colors. D.T.Nathanie & Co. (wholesaler), P.O. Box 232, Lilongwe. WTD 11/68.

Personal toilet articles, soaps, perfumes for men, women. Ismail Abdul Karim (wholesaler), P.O. Box 21, Lilongwe. WTD 11/68.

Automobile waxes, polishes. Costantini & Co. Ltd. (motor engineer), P.O. Box 40, Lilongwe. WTD 11/68.

Perfumes, talcum powder, hair-straightener preparations, skin-lightening creams. Mahomed Abdul Karim (wholesaler), P.O. Box 60, Lilongwe. WTD 11/68.

SWITZERLAND—New high class raw materials for cosmetics. Direct purchase and agency. Multiforsa AG (manufacturer, distributor), 6301 Zug. WTD 12/68.

301 Tires, tubes

MALAWI—Cycle tires and inner tubes, size 28″ x 1½″. Mahomed Abdul Karim (wholesaler), P.O. Box 60, Lilongwe. WTD 11/68.

306 Fabricated rubber products

MALAWI—All kinds of rubber toys. Ismail Abdul Karim (wholesaler), P.O. Box 21, Lilongwe. WTD 11/68.

Rubber automobile hose, piping. Costantini & Co. Ltd. (motor engineers), P.O. Box 40, Lilongwe. WTD 11/68.

SWITZERLAND—Rubber articles, all kinds, for household, surgery and nursery. Direct purchase and agency. Sattler & Co. AG (importer, distributor), Wehntalerstrasse 280, 8056 Zurich. WTD 12/68.

307 Plastic products

ITALY—Molded plastic net used in manufacture of insect screens. Faimar (manufacturer), 86 Via Traversari, I 48100—Ravenna. WTD 12/68.

MALAWI—All kinds of plastic toys, dinnerware. Ismail Abdul Karim (wholesaler) P.O. Box 21, Lilongwe. WTD 11/68.

SWITZERLAND—Plastic products for household, surgery and nursery. Direct purchase and agency. Sattler & Co. AG (importer, distributor), Wehntalerstrasse 280, 8056 Zurich. WTD 12/68.

311 Leather tanning, finishing

SWITZERLAND—All kinds of leather for upholstery, shoe and clothing industries. Requests replies in German. Direct purchase and

agency. Luscher, Leber & Cie AG (exporter, agent), Zeughausgasse 16, 3000 Bern. WTD 11/67.

314 Footwear except rubber

MALAWI—Men's, women's, childrens' shoes, slippers, sandals for dress and sport. Cheaper and better grades. Hussein Hassam & Sons (retailer), P.O. Box 201, Lilongwe. WTD 11/68.

322 Glass, glassware

SINGAPORE—Glass bottles for pharmaceutical products. Grace Pharmaceutical Pte, Ltd. (manufacturer), 21 Jalan Jentera, Jurong, Singapore 22. Attn: Mr. Cepher *Chen* Yan Sun, Managing Director. WTD in preparation.

323 Glass products

MALAWI—All kinds of household glassware. Ismail Abdul Karim (wholesaler), P.O. Box 21, Lilongwe. WTD 11/68.

326 Pottery, related products

MALAWI—Kitchen chinaware, cheaper brands. Ismail Abdul Karim (wholesaler), P.O. Box 21, Lilongwe. WTD 11/68.

327 Concrete, gypsum, plaster products

PHILIPPINES—Conduit pipes, ballast used for electrical installation. Direct purchase and agency. Lito Industrial Sales (importer, wholesaler, retailer, indentor), 1544 Rizal Avenue Extension, Grace Park, Caloocan City. WTD 10/68.

329 Abrasive, asbestos, nonmetallic mineral products

MALAWI—Asbestos brake linings for automobiles, trucks. Costantini & Co. Ltd. (motor engineers), P.O. Box 40, Lilongwe. WTD 11/68.

331 Steel mill products

MALAWI—Steel nails; corrugated iron sheeting for roofing. M.M.Chunara & Co. (wholesaler), P.O. Box 70, Lilongwe. WTD 11/68.

336 Nonferrous foundries

MALAWI—Inexpensive aluminum kitchen utensils. Ismail Abdul Karim (wholesaler), P.O. Box 21, Lilongwe. WTD 11/68.

342 Cutlery, hand tools, general hardware

MALAWI—All kinds of kitchen cutlery, inexpensive brands; general household hardware. Ismail Abdul Karim (wholesaler), P.O. Box 21, Lilongwe. WTD 11/68.

Mouse, rat traps. M.M.Chunara & Co. (wholesaler), P.O. Box 70, Lilongwe. WTD 11/68.

PHILIPPINES—Door locksets, padlocks, door closers. Direct purchase and agency. Lito Industrial Sales (importer, wholesaler, retailer, indentor), 1544 Rizal Avenue Extension, Grace Park, Caloocan City. WTD 10/68.

SWITZERLAND—Novelty hardware items. Direct purchase and agency. Theo Krebs (importer, distributor), Apparatebau, Bahnhofstrasse 31, 8280 Kreuzlingen. WTD 12/68.

Tools for cable and wire laying, underground, overhead, into tube and concrete blocks; combination pliers for laying overhead wires; small tools used in electronic industry. Outillage Bugnard (importer, distributor), chemin de Montelly 46, 1020 Lausanne. WTD 12/68.

346 Metal stampings

MALAWI—Automobile stampings, body parts, hub-caps. Costantini & Co. Ltd. (motor engineers), P.O. Box 40, Lilongwe. WTD 11/68.

349 Fabricated metal products

PHILIPPINES—Gate valves, B.I. or G.I. pipes used for installing water system. Direct purchase and agency. Lito Industrial Sales (importer, wholesaler, retailer, indentor), 1544 Rizal Avenue Extension, Grace Park, Caloocan City. WTD 10/68.

352 Farm machinery

AFGHANISTAN—Small farm tractors. Haji Mulla Habib Haji Mohammed (importer, wholesaler), Kawari Market, Darwaza-i-Kabul, Kandahar. WTD 12/68.

Small farm tractors. Shirkat-i-Itehadia Mazar (exporter, importer, wholesaler, processor), Mazar-i-Sharif. WTD 12/68.

Farm tractors; Cotton balers, presses. Shirkat-i-Sanati Pakhta (Cotton Industrial Co.) (importer, exporter, wholesaler), Darwazi Balkh, Mazar-i-Sharif. WTD 12/68.

353 Construction, mining, materials handling machinery, equipment

YUGOSLAVIA—Two asphalt plants 60 tons/hour, two asphalt plants 80 tons/hour, two asphalt plant 100 tons/hour. Sl. list # 49, Lj-811, deadline Feb. 25. Metalka, Export-Import, Ljubljana, Dalmatinova 2. (one bid copy).

Materials handling machinery and equipment: two portal-cranes of 5 tons, automobile fork-lift, sidewise fork-lift 3 tons, autocrane 5 tons, materials handling equipment for wood industry. Specifications upon request. Sl. list # 49, B-1420, deadline Feb. 25, 1969. Jugoelektro, Export-Import (importer), Knez Mihailova 33, Belgrade.

354 Metalworking machinery

DENMARK—Automotive specialized tools, machines, and apparatus for body, fender and frame repairs, engine repairs, tire service, battery service, aligning, adjusting, gauging and testing apparatus, for automobile dealers, garages, mechanics, service stations, fleet owners, vulcanizers. Frank Horn A/S (importing distributor), 23 Symfonivej, 2730 Herlev. WTD 2/68.

MALAWI—Crankshaft regrinding machines, up to 84 inches; tools, accessories for machine tools, power-driven garage and engineering tools. (Power supply: 220/240 volts, 50 cycles). Costantini & Co. Ltd (motor engineers), P.O. Box 40, Lilongwe. WTD 11/68.

Automobile crankshaft grinding machine, 10-in. stroke, 20-in. swing; electronic automotive wheel alignment equipment; automobile cylinder boring machine for boring cylinders up to 3½ in.; portable and stationary power tools for automotive body shop work, straightening equipment. Lilongwe Mechanical Development (motor engineers), P.O. Box 289, Lilongwe. WTD 11/68.

SWITZERLAND—Tools and attachments for machine tools; metalworking machinery and accessories; power hand tools. Direct purchase and agency. A. Meyer Sohne AG (importer, distributor), Rathausstrasse 34, 4410 Liestal. WTD 12/68.

355 Special industry machinery

AFGHANISTAN—Small flour mill machinery. Haji Mulla Habib Haji Mohammed (importer, wholesaler), Kawari Market, Darwaza-i-Kabul, Kandahar. WTD 12/68.

Tanning machinery capable of tanning 100,000 sheep & goat skins per year; chocolate processing machinery, complete, small scale; factory for manufacturing galoshes; rayon textile mill with a capacity of 1,000,000 meters per year. Interested in possible U.S. joint venture. Shirkat-i-Itehadia Mazar (exporter, importer, wholesaler, processor), Mazar-i-Sharif. WTD 12/68.

JORDAN—Machinery for production of galvanized and ungalvanized iron water pipes ½-in., ¾-in., 1-in., 1¼-in., and 1½-in. in diameter. Akram Abu Zeid, General Manager, Moustafa Abu Zeid & Sons Co., Ltd. (importer, wholesaler, retailer), P.O. Box 435, Amman. WTD 6/68.

U.S. DEPARTMENT OF COMMERCE—FIELD OFFICES

ALBUQUERQUE, N. MEX., 87101, U.S. Courthouse. Area Code 505 Tel. 843-2386.

ANCHORAGE, ALASKA, 99501, 306 Loussac-Sogn Bldg. Area Code 907 Tel. 272-6531.

ATLANTA, GA., 30303, 4th Floor Home Savings Bldg., 75 Forsyth St. N.W. Area Code 404 Tel. 526-6000.

BALTIMORE, MD., 21202, 305 U.S. Customhouse, Gay and Lombard Sts. Area Code 301 Tel. 962-3560.

BIRMINGHAM, ALA., 35205, Suite 200-201, 908 S. 20th St. Area Code 205 Tel. 325-3327.

BOSTON, MASS., 02203, Room 310, John Fitzgerald Kennedy Federal Bldg. Area Code 617 Tel. 223-2312.

BUFFALO, N.Y., 14203, 504 Federal Bldg., 117 Ellicott St. Area Code 716 Tel. 842-3208.

CHARLESTON, S.C., 29403, Federal Bldg., Suite 631, 334 Meeting St. Area Code 803 Tel. 577-4171.

CHARLESTON, W. VA., 25301, 3002 New Federal Office Bldg., 500 Quarrier St. Area Code 304 Tel. 343-6196.

CHEYENNE, WYO., 82001, 6022 Federal Bldg., 2120 Capitol Ave. Code 307 Tel. 634-5920.

CHICAGO, ILL., 60604, 1486 New Federal Bldg., 219 South Dearborn St. Area Code 312 Tel. 353-4400.

CINCINNATI, OHIO, 45202, 8028 Federal Office Bldg., 550 Main St. Area Code 513 Tel. 684-2944.

CLEVELAND, OHIO, 44114, Room 600, 666 Euclid Ave. Area Code 216 Tel. 522-4750.

DALLAS, TEX., 75202, Room 1200, 1114 Commerce St. Area Code 214 Tel. 749-3287.

DENVER, COLO., 80202, 16419 Federal Bldg., 20th and Stout Sts. Area Code 303 Tel. 297-3246.

DES MOINES, IOWA, 50309, 609 Federal Bldg., 210 Walnut St. Area Code 515 Tel. 284-4222.

DETROIT, MICH., 48226, 445 Federal Bldg. Area Code 313 Tel. 226-6088.

GREENSBORO, N.C., 27402, 258 Federal Bldg., W. Market St. P.O. Box 1950. Area Code 919 Tel. 275-9111.

HARTFORD, CONN., 06103, 18 Asylum St. Area Code 203 Tel. 244-3530.

HONOLULU, HAWAII, 96813, 286 Alexander Young Bldg., 1015 Bishop St. Area Code 808 Tel. 546-5977.

HOUSTON, TEX., 77002, 5102 Federal Bldg., 515 Rusk Ave. Area Code 713 Tel. 226-4231.

JACKSONVILLE, FLA., 32202, P.O. Box 35087, 400 W. Bay St. Area Code 904 Tel. 791-2796.

KANSAS CITY, MO., 64106, Room 2011, 911 Walnut St. Area Code 816 Tel. 374-3141.

LOS ANGELES, CALIF., 90015, Room 450, Western Pacific Bldg., 1031 S. Broadway. Area Code 213 Tel. 688-2833.

MEMPHIS, TENN., 38103, 710 Home Federal Bldg., 147 Jefferson Ave. Area Code 901 Tel. 534-3214.

MIAMI, FLA., 33130, Rm. 821, City National Bank Bldg., 25 W. Flagler St. Area Code 305 Tel. 350-5267.

MILWAUKEE, WIS., 53203, Straus Bldg., 238 W. Wisconsin Ave. Area Code 414 Tel. 272-8600.

MINNEAPOLIS, MINN., 55401, 306 Federal Bldg., 110 S. Fourth St. Area Code 612 Tel. 334-2131.

NEW ORLEANS, LA., 70130, 909 Federal Office Bldg., S., 610 South St. Area Code 504 Tel. 527-6546.

NEW YORK, N.Y., 10007, 41st Floor, Federal Office Bldg., 26 Federal Plaza, Foley Sq. Area Code 212 Tel. 264-0634.

PHILADELPHIA, PA., 19107, Jefferson Bldg., 1015 Chestnut St. Area Code 215 Tel. 597-2850.

PHOENIX, ARIZ., 85025, 5413 New Federal Bldg., 230 N. First Ave. Area Code 602 Tel. 261-3285.

PITTSBURGH, PA., 15222, 2201 Federal Bldg., 1000 Liberty Ave. Area Code 412 Tel. 644-2850.

PORTLAND, OREG., 97204, 217 Old U.S. Courthouse, 520 S.W. Morrison St. Area Code 503 Tel. 226-3361.

RENO, NEV., 89502, 2028 Federal Bldg., 300 Booth St. Area Code 702 Tel. 784-5203.

RICHMOND, VA., 23240, 2105 Federal Bldg., 400 N. 8th St. Area Code 703 Tel. 649-3611.

ST. LOUIS, MO., 63103, 2511 Federal Bldg., 1520 Market St. Area Code 314 Tel. 622-4243.

SALT LAKE CITY, UTAH, 84111, 3235 Federal Bldg., 125 S. State St. Area Code 801 Tel. 524-5116.

SAN FRANCISCO, CALIF., 94102, Federal Bldg., Box 36013, 450 Golden Gate Ave. Area Code 415 Tel. 556-5864.

SAN JUAN, P.R., 00902, Room 100, Post Office Bldg. Phone 723-4640.

SAVANNAH, GA., 31402, 235 U.S. Courthouse and Post Office Bldg., 125 29 Bull St. Area Code 912 Tel. 232-4321.

SEATTLE, WASH., 98104, 8021 Federal Office Bldg., 909 First Ave. Area Code 206 Tel. 583-5615.

MALAWI—Diesel-powered portable corn-milling machinery. Lilongwe Mechanical Development (motor engineers), P.O. Box 289, Lilongwe. WTD 11/68.

SINGAPORE—Supply and installation of corn-milling and packaging machinery. Hogwan Trading Co. (grain milling), 2-A MacTaggart Road, Singapore 13. WTD in preparation.

YUGOSLAVIA—Complete line for washing, filling, capping, labeling of 10,000 beer bottles per hour, including transportation and automatic packaging into crates. SL#48, B-1382, Deadline Feb. 20. Invest-Import, V/2031 (importer), Terazije 5/I, Belgrade. WTD 11/67.

Textile machinery: five machines for cloth inspection; two washing machines; centrifuge; ironing machine; measuring and doubling machine. SL#50, deadline for submission of quotations Mar. 4. Z-903. Masino Impex (importer), Sektor uvoza, Varsavska 9, Zagreb.

Complete line of machinery for manufacture of flat-bottom paper bags of 250 grams to 25 kilograms volume. SL#49, B-1415, deadline Feb. 25. Hromos, Export-Import (importer), Marsala Birjuzova 51, Belgrade.

Construction and delivery of equipment for one pneumatic wheat-mill (first alternative: transport with elevators and spirals; second alternative: transport pneumatic). Including: silo for 150 tons of wheat with 8 cells; technological diagram with complete specification of equipment; construction project design; warranty by equipment supplier; assembly; references in similar projects and catalogs of equipment. SL#49, H-523, deadline Feb. 25. Agroindustrija, Sektor 32 (business association), U. JNA 87, Novi Sad. (komisiji za javno prikupljanje ponuda).

Twenty-four textile machines. Sl. list#49, S-142, deadline Feb. 25, Gorenjska predilnica (manufacturer), Skofja Loka.

356 General industrial machinery

AFGHANISTAN—Water pumps (diesel-powered) to draw water from 10-50 meter deep wells. Haji Mulla Habib Haji Mohammed (importer, wholesaler), Kawari Market, Darwaza-i-Kabul, Kandahar. WTD 12/68.

Diesel-powered water pumps for deep wells (2-4 inches diameter). Shirkat-i-Itehadia Mazar (exporter, importer, wholesaler, processor), Mazar-i-Sharif. WTD 12/68.

SINGAPORE—Packaging machinery. Grace Pharmaceutical Pte. Ltd. (manufacturer), 21 Jalan Jentera, Jurong, Singapore 22. Attn: Mr. Cepher *Chen* Yan Sun, Managing Director. WTD in preparation.

YUGOSLAVIA—Installation for production of cast iron with one cycle low-frequency induction furnaces. Kelly filters for aluminum, disk and drum filters for washing of hydrates. Sl.list#49, B-1414, deadline Feb. 25. Invest Import (importer), I sektor uvoza, Terazije 5, Belgrade. WTD 11/67.

357 Office, computing, accounting machines

YUGOSLAVIA—Electronic computer, K-16 core memory, fast writer—at least 50 alphanumerical signs per second, magnetic card unit 400 signs per card, three cabinets for storage of magnetic cards, multiplex channel with minimum 6 connections, alphanumerical perforator 200 signs/second, alphanumerical reader 200 signs/sec., sorting machine for 30,000 cards. Published in Yugoslav Official Gazette #48 Z-853. Deadline for submission of bids Feb. 18. Geotehnika (research, construction), Kupska 2, Zagreb.

359 Machinery

MALAWI—Carburetors for automobiles, trucks. Costantini & Co. Ltd. (motor engineer), P.O. Box 40, Lilongwe. WTD 11/68.

361 Electric transmission, distributor equipment

SPAIN—Testing equipment for testing electrical, radio, communications circuits and motors. Would like to consider exclusive agencies of equipment not yet sold in Spain. IN-AG (Ingenieros-Agentes) (importer, distributor), General Mola 280, Madrid (16). WTD 11/68.

SWITZERLAND—Sweep, wave and pulse generators. Direct purchase and agency. Metravel SA (exporter, agent), Chemin de la Dode, 1213 Onex-Geneva. WTD 10/68.

Demanding markets

As a U.S. producer selling in our domestic economy, you already are a supplier to the most demanding market in the world. Moving into the foreign market, you will benefit from the know-how you have acquired from previous experience, just as you will benefit from the assets of good judgment, tact, aggressiveness, and business acumen.

In this sense, it is neither more difficult nor easier to achieve success in selling overseas than it is to succeed in selling in this country. Success in export requires careful evaluation of potential markets for your product; willingness to make a long-term commitment, if necessary; and some adaptability to foreign techniques in marketing and servicing.

LAWRENCE C. McQUADE, Assistant Secretary for Domestic and International Business, in "Introductory Guide to Exporting," published April 1968 by U.S. Department of Commerce

363 Household appliances

MALAWI—Spare parts for sewing machines, non-electric treadle types. Mahomed Abdul Karim (wholesaler), P.O. Box 60, Lilongwe. WTD 11/68.

364 Electric lighting, wiring equipment

MALAWI—Automobile headlamps, sidelights, equipment. Costantini & Co. Ltd. (motor engineer), P.O. Box 40, Lilongwe. WTD 11/68.

365 Radio, television receiving sets

FRANCE—Audio visual equipment. Direct purchase and agency. S.A. des Etablissements Pigier (importer, correspondence, vocational schools), 53, rue de Rivoli, Paris, 1er. WTD 11/68.

MALAWI—Transistor radios, battery and/or mains operated, table or portable (electric system: 220/240 volt, 50 cycles). D.T. Nathanie & Co. (wholesaler), P.O. Box 232, Lilongwe. WTD.

Radios, portable or table, transistorised, battery operated. Abdul Sattar Dor (wholesale, retail trader), P.O. Box 170, Lilongwe. WTD 11/68.

SINGAPORE—Radio receivers, portable and cord-type. Vashi's Departmental Store (retailer), 9 D'almeida St., Raffles Place (P.O. Box 847), Singapore 1. WTD in preparation.

SPAIN—Hi-fi equipment, audio amplifiers, tuners, pre-recorded and unrecorded magnetic tapes, other audio equipment. Would like to consider exclusive agencies for equipment not yet sold in Spain. IN-AG (Ingenieros-Agentes (importer, distributor), General Mola 280, Madrid (16). WTD 11/68.

369 Electrical machinery, equipment, supplies

MALAWI—Automobile electrical spare parts, including spark plugs, starter motors, generators, magnetos, distributors. Costantini & Co. Ltd. (motor engineers), P.O. Box 40, Lilongwe. WTD 11/68.

Primary dry-cell batteries for flashlights, transistor radios. Mahomed Abdul Karim (wholesaler), P.O. Box 60, Lilongwe. WTD 11/68.

371 Motor vehicles, motor vehicle equipment

AFGHANISTAN—Auto parts, accessories. Shirkat-i-Itehadia Mazar (exporter, importer, wholesaler, processor), Mazar-i-Sharif. WTD 12/68.

DENMARK—Automotive parts, accessories adaptable to European cars. Frank Horn A/S (importing distributor), 23 Symfonivej, 2730 Herlev. WTD 2/68.

MALAWI—Automobile and truck brake parts, windshield wiper systems, exhaust mufflers, crankshaft assemblies, axles, axle housings, other spare parts. Costantini & Co. Ltd. (motor engineer), P.O. Box 40, Lilongwe. WTD 11/68.

Diesel and gas engine bearings for automobiles, trucks. Lilongwe Mechanical Development (motor engineers), P.O. Box 289, Lilongwe. WTD 11/68.

PHILIPPINES—Bearings, oil seals, filter elements, air brake parts, tractor and heavy equipment parts, engine bearings, engine valves, engine blocks, gaskets, gears, transmissions, ignition parts, other automotive parts, accessories. Motorama Parts Co. (importer, wholesaler), 928 Benavides St., Binondo, Manila. WTD 11/68.

384 Surgical, medical, dental instruments

TAIWAN—Blood pack, anaesthetic instruments. Heart Normal Enterprise Co., Ltd. (importer, agent), 58 Po Ai Road, Taipei. WTD in preparation.

386 Photographic equipment, supplies

● **GREECE**—Supply of 15,950 gals. of X-ray film developing chemicals in one-gallon, 2-gal., and 5-gal. containers; also 15,000 gals. of X-ray film fixer in 1-gal., 2-gal., and 5-gal. containers; all must be in concentrated solutions. Tender No. 26/68, bid deadline Feb. 11. Estimated value: $24,000. Requested by the Institute of Social Insurance (IKA), Supply Department, 8 Agiou Konstantinou St., Athens. Specifications available on loan basis from the Scientific and Business Equipment Division, BDSA-653, U.S. Department of Commerce, Washington, D.C. 20230.★ (Telephone: 202-967-2939).

SINGAPORE—Photographic equipment for nonprofessional use. Vashi's Departmental Store (retailer), 9 D'almeida St., Raffles Place, (P.O. Box 847), Singapore 1. WTD in preparation.

SWITZERLAND—Photographic apparatus and supplies, in particular for professional, industrial photography. Direct purchase and agency. Schmid & Co. AG (importer, distributor), Bleichemattstrasse 9/11, 5001 Aarau. WTD in preparation.

387 Watches, clocks, parts

MALAWI—Inexpensive watches for men, women. Lilongwe Commercial Agency (wholesaler, retailer), P.O. Box 152, Lilongwe. WTD 11/68.

SINGAPORE—Watches. Vashi's Departmental Store (retailer), 9 D'almeida St., Raffles Place, (P.O. Box 847), Singapore 1. WTD in preparation.

Late Leads—Information received too late to be of value to bidders is published because many readers will find it of value in follow-up campaigns to sell complementary products and subsidiary services. Sometimes a cable to an agent on the scene will result in tie-in sales.

391 Jewelry, silverware, plated ware

SINGAPORE—Precious and semi-precious jewelry; costume jewelry. Vashi's Departmental Store (retailer), 9 D'almeida St., Raffles Place, (P.O. Box 847), Singapore 1. WTD in preparation.

394 Toys, amusements, sporting and athletic goods

MALAWI—All kinds of stuffed toys, dolls. Ismail Abdul Karim (wholesaler), P.O. Box 21, Lilongwe. WTD 11/68.

396 Costume jewelry, novelties, buttons, notions

SPAIN—Costume jewelry, novelties; gift items. SAIDI (distributor), Comandante Zorita 49, Madrid 20. WTD 12/68.

399 Manufacturing industries

MALAWI—Umbrellas, cheaper qualities. M. M. Chunara & Co. (wholesaler), P.O. Box 70, Lilongwe. WTD 11/68.

593 Antique secondhand stores

AFGHANISTAN—Used clothing. Haji Mulla Habib Haji Mohammed (importer, wholesaler), Kawari Market, Darwaza-i-Kabul, Kandahar. WTD 12/68.

MALAWI—Secondhand men's clothing, suits, topcoats, jackets, pants; secondhand carpets. London Agencies (importer, wholesaler, retailer), P.O. Box 870, Blantyre. WTD 11/68.

Secondhand men's clothing, topcoats, jackets, suits. D. T. Nathanie & Co. (wholesaler), P.O. Box 232, Lilongwe. WTD 11/68.

Secondhand men's outerwear: suits, topcoats, jackets. Abdul Sattar Dor (wholesale, retail trader), P.O. Box 170, Lilongwe. WTD 11/68.

Secondhand men's clothing, especially topcoats, suits, jackets; secondhand carpets, rugs. Mahomed Abdul Karim (wholesaler), P.O. Box 60, Lilongwe. WTD 11/68.

Secondhand men's clothing, topcoats, suits, jackets. M. M. Chunara & Co. (wholesaler), P.O. Box 70, Lilongwe. WTD 11/68.

Argentina asks bids for steel pipe linings for hydroelectric site

Hidronor S.A., an Argentine Government entity, has issued tender "Contrato 200, Obras Civiles, Subcontrato para Tuberias de Presion" for bids, by Feb. 28, for installation of steel lining on the pressure pipes and auxiliary equipment pertaining to the main civil engineering works for the El Chocon hydroelectric project.

Specifications can be obtained for 50,000 Argentine pesos (US $1.00 = 350 pesos) from Hidronor S.A., Leandro N. Alem 1074, 6 Piso, Buenos Aires.

Brazil plans expansion of hydroelectric plant

Sealed bids will be received by the Companhia Forca e Luz do Parana (CFLP) at the office of its Coordenador de Compras at Avenida General Justo, 171, sobreloja, ZC-39, Rio de Janeiro, GB, until 2 p.m., Feb. 10, for the furnishing and delivery of three single-phase power transformers 6,667 kVA, according to "Specifications CAEEB—GUAR-¾", required for the expansion of the Guaricana Hydroelectric power plant (Bid No. 53).

Bids must be submitted strictly in accordance with the instructions and specifications prepared by CAEEB and in the proper forms, furnished by the same. These instructions, specifications and forms which comprise the bidding documents, available in both Portuguese and English, will be supplied not later than 30 days after the publication of the invitation for bids, upon request accompanied by a non-refundable payment of 40 new cruzeiros ($1 = NCr 3.77) per set of documents in the two languages.

Bidding documents may be obtained only at Escritorio Tecnico Carlos Berenhauser Junior, Avenida Franklin Roosevelt, 126 Room 404, Rio de Janeiro, GB. At the same address, any necessary information will be given as well.

A bid guarantee of no less than 5% of the value of the proposed material up to a limit of 25,000 new cruzeiros or the equivalent in foreign exchange shall accompany each bid.

Sales Representation

The firms listed below are interested in representing U.S. firms in the areas indicated. Exclusive distributorship for these commodities is wanted only if specified.

203 Canning, preserving foods

SPAIN—All classes of canned foods. S.A.I.D.I. (distributor), Comandante Zorita 49, Madrid 20. WTD 12/68.

283 Drugs

NETHERLANDS—Ethical pharmaceutical products, fine pharmaceutical chemicals, biological products, X-ray contrast media, clinical testing materials. Exclusive agencies or representations requested for sales in Netherlands, Belgium, Western Germany. Products should not be competitive with American products already marketed by this firm. N. V. Pharmachemie (manufacturer, distributor, importer), 48-50 Nijverheidsweg, P.O. Box 552, Haarlem. WTD 12-68.

284 Soap, detergents, cleaning preparations, perfumes, cosmetics

SPAIN—Perfumes, cosmetics, toilet preparations. S.A.I.D.I. (distributor), Comandante Zorita 49, Madrid 20. WTD 12/68.

342 Cutlery, handtools, general hardware

NETHERLANDS—All kinds of do-it-yourself hand-tools; all kinds of garden tools. Requires exclusive representation for Netherlands. Van Der Heide N.V. (importer, wholesaler), 19 Treubstraat, Rijswijk (ZH). For the attention of Mr. M. van Beest, asst. manager. WTD in preparation.

343 Heating apparatus, plumbing fixtures

IRELAND—Central heating equipment. Maguire, H. C. Ltd. (importing distributor), 11 Herbert Lane, Dublin 2. WTD 11/68.

351 Engines, turbines

HONDURAS—Diesel engines (except automotive) from 5 hp up. Exclusive representation. Camiones y Motores S. A. (CAMOSA) (manufacturers' representative), Carretera a Toncontin, Comayaguela, D.C. WTD 9/68.

353 Construction, mining machinery, equipment

ITALY—Mine and quarry gyratory and special crushers. 'Societa' Generale Macchine Edili (manufacturer, representative), Via Senato 34, 20145 Milano. WTD 9/68.

354 Metalworking machinery

NETHERLANDS—All kinds of do-it-yourself

machine-tools; Primarily interested in novelties. Requires exclusive representation for Netherlands. Van Der Heide N.V. (importer, wholesaler), 19 Treubstraat, Rijswijk (ZH). For the attention of Mr. M. van Beest, asst. manager. WTD in preparation.

356 General industrial machinery

HONDURAS—Pumps, parts and attachments for pumps; irrigation equipment (complete). Exclusive representation. Camiones y Motores S. A. (CAMOSA) (manufacturer's representative), Carretera a Toncontin, Comayaguela, D.C. WTD 9/68.

358 Service industry machines

IRELAND—Air conditioning, ventilation equipment. Maguire, H. C. Ltd. (importing distributor), 11 Herbert Lane, Dublin 2. WTD 11/68.

362 Electrical industrial apparatus

HONDURAS—Electrical generators and plants from 3 kvt. up. Firm seeks exclusive representation. Camiones y Motores S. A. (CAMOSA) (manufacturers' representative), Carretera a Toncontin, Comayaguela, D.C. WTD 9/68.

367 Electronic components, accessories

SPAIN—Electronic components, accessories. S.A.I.D.I. (distributor), Comandante Zorita 49, Madrid 20. WTD 12/68.

387 Watches, clocks, parts

SPAIN—Watches, clocks, S.A.I.D.I. (distributor), Comandante Zorita 49, Madrid 20. WTD 12/68.

Future Construction

For maximum assistance to those interested in overseas construction projects, U.S. Foreign Service officers report them as soon as possible, often in early planning stages. Some may not reach completion as originally proposed. In such cases additional information is published as it is obtained.

AUSTRALIA—A 214-page survey showing the construction status of major development projects financed by Australian Federal and State agencies is available for viewing by equipment suppliers and others interested in these projects, many of which are partially completed.

The report includes: water conservation and supply; irrigation and flood control items; electricity generation and transmission systems; railways and roads; ports and harbors; airports; gas manufacturing and supply; telecommunications; and bridges.

The survey may be seen in the Far Eastern Division, BIC, Rm. 3817, U.S. Dept. of Commerce. (Telephone: 967-3343).

MEXICO—Construction of the Las Adjuntas Dam to store and control the waters of the Soto La Marina River and to utilize these waters through the Las Alazanas diversion dam and a 2½ mile-long tunnel to bring under irrigation 103,740 acres of new land in the Jimenez Valley, of which 24,700 acres would be able to produce two crops a year, will be provided for the State of Tamaulipas by Inter-American Development Bank loans totaling $28.7 million.

Along with the construction of the basic irrigation, works, the Mexican Government will promote selective migration of settlers to the valley, helping to provide them with homes, potable water systems, electric power, schools and health centers, thus improving their living standards.

While agriculture is the principal economic activity of the state, farming is concentrated primarily in the zone bordering on the United States. A total of 95% of the presently irrigated land is found in this zone. In contrast, agriculture in the central and southern parts of the state is carried out primarily on a subsistence level and mainly through dry farming methods.

The execution of the project represents an additional step by the Mexican Government to utilize available water resources as a means of gradually solving imbalances in its agricultural production.

Source: Inter-American Development Bank, 808 17th St., NW., Washington, D.C. 20577.

THAILAND—The Thai Government plans to **modernize the terminal facilities at Don Muang airport.** The general layout has just been approved, and the consulting firm of Louis Berger has been authorized to proceed with detailed drawings.

The total cost of this project will probably be $2 to $2.5 million. There is provision for a passenger lounge, immigration and customs facilities, a restaurant, and a cargo warehouse. This cost estimate includes construction.

American suppliers of baggage handling equipment, elevators, escalators and similar equipment, for which provision must be made in the construction plans, may find it useful to send detailed information about their products to: Louis Berger, Inc., 489 Sukhumvit Road, Bangkok, Thailand; or to the Thai official most directly responsible for this project: Mr. Decha Nokkheo, Chief, Construction and Maintenance Div., Dept. of Aviation, Ministry of Communications, 5 Rajdamnern Avenue, Bangkok, Thailand. This project is separate from plans to build a new airport for Bangkok.

Italian city plans incinerator unit

The municipal administration of Turin, Italy, is planning to replace its present outgrown garbage incinerating plant with new facilities to handle an estimated 600 metric tons daily. The city has a present population of 1.15 million and is a rapidly growing industrial center.

New incinerator facilities, possibly in conjunction with thermal electric generating facilities, may be a single plant or two or more units of 300 metric tons daily. American firms interested in the proposed works should correspond with: Dr. Ing, Pio Costa, Capo Repartizione Servizi Tecnici, Municipio di Torino, Piazza San Giovanni 5, Torino, Italy.

New Trade Lists

The Bureau of International Commerce has published the following automated lists to provide complete coverage for the 13 countries listed below. The lists may be ordered by firms domiciled in the United States, giving the titles listed below or by the five digit SIC number from BIC-924, U.S. Department of Commerce, Washington, D.C. 20230, and from Department of Commerce Field Offices. The price is $1 per list for each country.

NOTE: *The SIC numbers in these lists are coded in accordance with 1967 Bureau of the Census publications.*

Peru—an automated list

No.	*Title*	*Number of names in list*
00000	General trading firms	(18)
01000	Farm, forestry and fishery products	(125)
10000	Mining companies; crude petroleum and natural gas producers	(60)
15000	Contract construction companies	(42)
19000	Arms and ammunition	(14)
20000	Food and kindred products	(510)
21000	Tobacco and tobacco products	(9)
22000	Textile products	(664)
24000	Lumber and wood products; furniture and fixtures	(128)
26000	Paper and allied products; printed and published materials	(257)
28000	Chemicals and allied products	(391)
29000	Petroleum and petroleum products; rubber and miscellaneous plastic products	(190)
31000	Leather and leather products	(50)
32000	Stone, clay, glass and concrete products	(153)
33000	Primary metal products	(95)
34000	Fabricated metal products	(382)
35000	Non-electrical machinery	(733)
36000	Electrical machinery	(616)
37000	Transportation equipment	(405)
38000	Instruments; photographic and optical goods	(130)
38700	Watches and clocks; jewelry, silverware and plated ware; musical instruments; toys and sporting goods; office and artists' materials; novelties; miscellaneous manufactured products	(201)
75380	General automobile repair shops	(27)

Automated trade list of business firms in the following countries have the same Standard Industrial Classification number (SIC) and title. The number of names in each list appears in parenthesis immediately following the name of the country, **SIC No. 00000—Business Firms:** Bahamas (295); Bolivia (1158); Colombia (3434); Dominican Republic (2124); Indonesia (894); Iran (1598); Jamaica (2078); Kenya (3062); New Zealand (3018); Panama (3337); Paraguay (589); Trinidad and Tobago (1796).

New Books and Reports

Pan Am, Farrell Lines offer Africa guide to U.S. marketers

Two Presidential "E" award winners—Pan American World Airways and the Farrell Lines—have collaborated on a 40-page guide to marketing in Africa. Commerce Secretary C. R. Smith says, in his foreword to *Africa Marketing Guide:* "Africa is a continent of opportunity for the American businessman . . . a market of more than 300 million people. Africa's significant growth has produced not only a greater volume of trade but new sales opportunities in the greater diversity of commodities traded. Once heavily oriented toward a few West European countries, 40 now-independent African nations trade with many other nations of the world."

For the majority of the 48 countries covered, information is given on: currency, languages, imports, exports, trade policy, airports, seaports, distribution and warehousing, and the communications networks.

A chart lists documentary requirements for shipments to African countries.

For a free copy of the *Africa Marketing Guide,* **write:** Pan American World Airways, Inc., Pan Am Bldg., New York, N.Y. 10017.

***The Indian Textile Journal.* Published monthly by the Indian Textile Journal Private Ltd. Bombay. Annual subscription (U.S.): $15.**

The *Journal,* published continuously since 1890, contains international news of the textile industry, technical articles by professionals, a news-of-the-month column, and reviews of books in the textile industry.

Write: Alfred Nixon Son & Turner, 40, Brazennose St., Manchester 2, England.

***Rotterdam Yearbook 1968-69.* Published by Der Hafenkurier. Rotterdam, the Netherlands. 1968. 164 pp. $2.35.**

Sections of this book are devoted to: port and seagoing shipping, Rhine transport, road transport, airport, banking and insurance, industries, and trade.

Since publication of the previous yearbook, Rotterdam's Metro has been opened, the Port of Rotterdam is expanding to the North Sea, many container ship terminals and warehouses have been built in Rotterdam, and a deep fairway is being channeled in the North Sea off the Dutch coast. This up-to-date volume covers these developments.

Write: Der Hafenkurier, Witte de Withstratt 73, Schliessfach 601, Rotterdam, the Netherlands.

Latest Customs Journals

The following new International Customs Journals are available at the standard price of $3 per hard copy, 65¢ for microfiche.

Argentina	PB 180 272
Burundi	PB 180 282
New Zealand	PB 180 281
Portugal	PB 174 309-2
Rwanda	PB 180 274
Sierra Leone	PB 180 273
United States	PB 180 283

Write: Clearinghouse for Federal Scientific & Technical Information, U.S. Department of Commerce, Springfield, Va. 22151 (Attn: Code 410.11.)

***Euromarket News.* Published by Macnens. Paris. $50 per year.**

This weekly economic newsletter is published by the European subsidiary of the Commerce Clearing House, Inc., of Chicago. Information contained in each issue includes: a brief report on the outstanding economic events of the week; company news, including news of mergers between U.S. and European companies, new issues, company financing, and company formation; news of government actions in fields of taxation, currency controls, investment incentives, regional developments; news of personalities, including important executive changes and government personnel appointments; stock market trends from Paris, London, Frankfurt, Brussels, and Milan, and other financial news of the continent.

A 13-week trial subscription is available for $10.

Write: Macnens, 42 Rue Pasquier, Paris 8eme, France.

***AFIA Guide Latin America.* Published by the American Foreign Insurance Assn. New York. 1968.**

The *Guide* is a comprehensive study of 14 insurance markets: Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Guyana, Jamaica, Mexico, Paraguay, Peru, Trinidad and Tobago, Uruguay, and Venezuela. In addition, there are limited summaries for 11 islands: Antigua, the Bahamas, Barbados, Bermuda, British Virgin Islands, Dominica, Grenada, Guadeloupe, Martinique, St. Lucia, and St. Vincent. Basic insurance requirements as well as summaries of fire, marine, and casualty classes are covered.

Previous publications in the series were *AFIA Guide Europe* and *AFIA Guide Pacific.*

Brokers, agents, and insureds may obtain copies of the *Guide* by writing: AFIA, 110 William St., New York, N.Y. 10038.

***Financing East-West Business Transactions.* Published by the American Management Assn. New York. 1968. 48pp. $4.50 to non-members, $3 to members.**

Number 119 in the series of AMA Management Bulletins, this publication contains articles on opening up trade between East and West, especially methods of financing it.

Among the recommendations: use of U.K.-based institutions, joint ventures, and the practice of switch financing.

Write: The American Management Assn., 135 West 50th St., New York, N.Y. 10020.

***The International Businessman in Japan.* By Herbert Glazer. Published by Charles E. Tuttle Co. Rutland, Vt. 1968. 115pp. $4.50.**

The author, an American, has observed Japanese attitudes toward foreign business and foreign businessmen. He covers the history of trade with Japan, the investment climate, staffing, management, distribution, the Japanese view of foreign investment, treaties and laws, the U.S.-Japan Treaty of Friendship, protectionism, Japanese attitudes and business practices, and joint ventures.

Write: Charles E. Tuttle Company, Rutland, Vt.

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Calendar *for international traders*

BETHLEHEM, Pa.—Jan. 29—World Trade Club of Lehigh Valley monthly meeting, Holiday Inn-East, 6 p.m.

BOSTON—Jan. 26—Businessmen's Consultation, **John J. Sullivan, Commercial Officer, Singapore/to Port of Spain.** Sponsor: Commerce Field Office.

CHICAGO—Jan., 21—Second of 7 weekly seminars on Principles & Techniques in Exporting, Light Center, 140 S. Dearborn St., 6:15 p.m. Sponsor: Int'l Trade Club.

CHICAGO—Jan. 23—In-Office Meeting, Chicago Field Office.

CHICAGO—Feb. 4—Automotive Exporters' Club of Chicago, Builders' Bldg.

CHICAGO—Feb. 6—In-Office Meeting, Commerce Field Office.

CHICAGO—Feb. 13—International Trade Club of Chicago, monthly luncheon meeting, LaSalle Hotel, 12:15 p.m.

CINCINNATI—Jan. 29—Cincinnati World Trade Club monthly meeting & dinner, New Orleans Night, Sheraton-Gibson Hotel, 7 p.m. Speaker: James Martin, director of trade development, Board of Commissioners, Port of New Orleans.

CINCINNATI—Feb. 17—Businessmen's Consultation, **Roger Merrick, Commercial Officer, posted to Beirut.** Sponsor: Commerce Field Office.

CLEVELAND—Feb. 6—International Trade Luncheon Meeting, Mid-Day Club, Union Commerce Bldg., 12 noon. Sponsor: Cleveland World Trade Assn.

DENVER—Feb. 3—Businessmen's Consultation, **Roger Merrick, Commercial Officer, posted to Beirut.** Sponsor: Commerce Field Office.

KANSAS CITY—Jan. 23—In-Office Workshop for Exporters, Federal Office Bldg., 2-4 p.m. Sponsors: Commerce Field Office, REEC.

KANSAS CITY—Feb. 11—Meeting for Exporters on East-West Trade, Top of the Tower, 5:30 p.m. Sponsors: Commerce Field Office, REEC, Int'l Trade Club.

Calendar deadline

Information for publication must be received three weeks before the date of the announced event. Include time, place, sponsoring organization and special topic, if applicable. Meetings must be open to the public in order to be publicized in this space. **Write:**

Managing Editor,
International Commerce
BIC-204
U.S. Department of Commerce
Washington, D.C. 20230.

KANSAS CITY—Feb. 13—Export Documentation Workshop, Federal Office Bldg., 2-4 p.m. Sponsors: Commerce Field Office, REEC.

KANSAS CITY—Feb. 27—Export Documentation Workshop, Federal Office Bldg., 2-4 p.m. Sponsors: Commerce Field Office, REEC.

LOS ANGELES—Jan. 31—Export Expansion Seminar, Commerce Field Office, 9:30 a.m.

MEMPHIS—Jan. 21—Memphis World Trade Club, Sheraton Motor Inn. Topic: International Trade in Lumber.

NASHVILLE—Jan. 22—Export Workshop, First American National Bank. Sponsors: Commerce Memphis Field Office, REEC, First American National Bank.

NASHVILLE—Jan. 31—Export Forum & luncheon, Ramada Inn Downtown, 12 noon. Sponsors: Commerce Field Office, Middle-Tenn. Exporters Roundtable.

NEW YORK—Feb. 5—Businessmen's Consultation, members of U.S. Trade and Investment Mission to Cameroon and Ivory Coast, St. Regis Hotel. Sponsors: Commerce Field Office, African-American Chamber of Commerce.

PITTSBURGH—Jan. 24—Guide to Export Financing, Federal Bldg., Rm. 2214. Sponsors: Commerce Field Office, REEC, Chamber of Commerce.

PROVIDENCE—Jan. 21—World Trade Club of Greater Providence Chamber of Commerce dinner meeting, The Hummocks Restaurant, 6:30 p.m.

ROCKFORD, Ill.—Jan. 28—In-Office Meeting, Rockford Chamber of Commerce.

SAN FRANCISCO—Jan. 22—Export Finance & Insurance Seminar, Rm. 9207, New Federal Bldg., 9:30 a.m.

YORK, Pa.—Jan. 21—York Area World Trade Assn. monthly luncheon meeting, Chamber of Commerce.

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